International Journal of Human Capital Management
E-ISSN 2580-9164
Vol. 7, No. 2, December 2023, p 228-242

Available online at
http://journal.unj.ac.id/unj/index.php/ijhcm

# DETERMINANTS OF THE INDONESIAN MINING SECTOR'S AUDIT DELAY

**Dinda Putri Denise Quinones**
Akuntansi Manajerial, Politeknik Negeri Batam, Indonesia
Email: dindaputridnse@gmail.com

**Alfonsa Dian Sumarna**
Akuntansi Manajerial, Politeknik Negeri Batam, Indonesia
Email: alfonsadian@polibatam.ac.id

## ABSTRACT

*This main research focus is to examine the factors that influence audit delay with a new period of the year and mining sector sample. Audit delay is a very important problem to pay attention to in company financial reporting. Various previous studies still have inconsistent results. This study examines the effect of Profitability, KAP Reputation, Size of the Audit Committee, and the COVID-19 Pandemic on Audit Delay in mining sector companies for the 2018-2021 period. The sampling method used was purposive sampling. The samples in this study were 17 mining sector companies listed on the Indonesia Stock Exchange, so the research panel data totaled 68. This study uses descriptive statistical analysis techniques, model tests, classical assumption tests, regression analysis, and hypothesis testing with the EViews 12.0 program. The results of the study show that the profitability and reputation of KAP do not have a significant effect on audit delay, the size of the audit committee and the COVID-19 pandemic have a significant effect on audit delay.*

***Keywords:*** *Audit Delay, Profitability, KAP Reputation, Size of Audit Committee, Pandemic.*

Received: 18 August 2023
Accepted: 25 October 2023
Publish: December 2023

**How to Cite:**
Quinones, D. P. D., & Sumarna, A, D. (2023). Determinants of The Indonesian Mining Sector's Audit Delay. *International Journal of Human Capital Management*, 7 (2), 228-242. https://doi.org/10.21009/IJHCM.07.02.5

## INTRODUCTION

This study focuses on companies listed on the Indonesia Stock Exchange (IDX) that are required to comply with (Indonesia) Financial Accounting Standards (refer to Standard Akuntansi Keuangan/ SAK), undergo audits, and comply with capital market regulations according to Capital Market Law No. 8 of 1995 and Decree on Obligation to Submit Information No. Kep-00015/BEI-01-2021 issued by the Board of the Indonesia Stock Exchange. In addition, Financial Services Authority Regulation Number 14/POJK.04/2022 requires that annual financial reports be submitted to the Financial Services Authority and made public within ninety days of the date of the financial statements.

The audited financial statements aid investors in making investment decisions (Oktariansyah, Putra, and Putri, 2022). However, there are obstacles in the timeliness of reporting known as audit delays caused by auditors following the Professional Standards for Public Accountants (SPAP) and there is a difference between the date of publication of the financial statements and the end of the company's fiscal year (Cahyati and Anita 2019).

The COVID-19 pandemic shook the global economy, including Indonesia, resulting in financial difficulties and company failures. The important is the timely submission of financial reports by businesses (Wijasari & Wirajaya, 2021). The Indonesia Stock Exchange stresses the significance of accurate information and penalizes businesses that fail to comply with the requirement to publish financial reports. According to CNBC Indonesia (2022), as of the end of 2021, ninety-one businesses had not submitted their financial reports. Due to the pandemic's effects, the mining industry, a highly sought-after investment sector in BEI, also experienced financial difficulties and bankruptcy. Mining was one of the sectors impacted by the pandemic. This affected the prices of raw materials, inventories, and mining-related production (Garinas, 2020).

Previous research stated that there were inconsistent factors such as profitability which was researched by Amalina et al., (2019) which stated that profitability had no significant effect on audit delay. Meanwhile, the results of research, Cahyati & Anita (2019) state that profitability influences audit delay. Another factors that is inconsistent with previous researchers is the reputation of the Public Accountant Firm (refers to Kantor Akuntan Publik/ KAP). Research from Harjanto (2017) states that KAP reputation has a significant influence on audit delay. Research by Astuti et al., (2021) states that KAP reputation does not have a significant effect on audit delay. The size of the audit committee is the next factor with research results from Ubwarin et al., (2021) stating that the size of the audit committee does not have a significant effect on audit delay. However, research by Amalina et al., (2019) states that the size of the audit committee has a significant effect on audit delay.

This research is an adoption of research by Meini & Wulandari (2022), the previous research sample was from the property and real estate sub sector and the research period was from 2016-2020. the difference between this research and previous one is the sample and year to be studied. The novelty from this research are using companies in the mining sector that are listed on the Indonesia Stock Exchange, the research period are 2018-2021 was chosen because it is the lastest period compared to previous research. Apart fron that, it will be an up-to-date picture of a company's financial performance in the year of the impact. The purpose of this study is to investigate the impact of these variables on audit delay in the mining industry using a sample of 17 companies from period 2018 to 2021, This research aims to benefit interested parties and contribute to enhancing the efficacy and effectiveness of the audit process and reducing audit delays in the future.

## LITERATUR REVIEW

According to Jensen, M. C., & Meckling (1976), agency theory has a relationship between the agent and the principal. The agent in this case is the position of company manager and the principal is the owner of the company (Sumarna, 2021). An agent is a company that is authorized and responsible for company management and decision-making and provides financial reports audited by an independent auditor as proof of its responsibility. A principal is an entity that employs an agent to perform an action or satisfy an interest. The principal has full access to internal reports about the company, while agents in the company's management have access to information about the company's operations and general results but do not have the authority to make decisions. Publication of financial reports is closely related to agency theory and audit delay, if financial reports are not published on time, their value is reduced and does not add value to the company (Sawitri & Budiartha, 2018). This research applies agency theory which is based on the relationship between agents and principals to the implementation of audits in companies which aims to provide timely information to the public about financial reports because audit delays reduce the value of the information contained in financial reports. This can cause asymmetric information between the agent and the principal. According to Ross (1977), agency theory states that companies with very good information about their company will be encouraged to share information with potential investors so that the company's share price can rise. This signal theory assumes that an audit delay is a signal or signal that the quality of financial information produced by a company is related to the value of the company, that is, the longer the audit delay, the greater the possibility of problems or inaccuracies in the financial statements. This theory states that companies with high quality send signals to the public more quickly in the hope that there is a quality gap between them and companies with audit delays. Therefore, this theory is useful for determining the accuracy and timeliness of the publication of financial reports, which is a signal from the company that information is available to help investors (Agustini & Sumarna, 2023). This research uses agency theory, where this theory is related to the implementation of audits in companies due to the relationship between the agent and the principal. Agency theory put foward by Amalina et al., (2019) is a theory used by companies to view the relationship between management and investors and the process of running a company. According to Sawitri & Budiartha (2018), agency theory and audit delay are closely related to the publication of financial reports, if they are not on time then the usefulness of financial reports will reduced and will not be added value to the company. Therefore, agency theory aims to provide timely financial report information to the public.

Signal theory is stated to provide space for investors to know that the decisions they will take can differentiate between good and bad quality companies (Yulianti et al., 2021). this theory states that companies with good quality will deliberately provide signals to the market which are expected to differentiate their quality. For a signal to be good, it must be captured by the market with good perception, and not easily imitated by bad companies (Dewi & Gorda, 2022). therefore, this theory is useful for looking at the accuracy and timeliness of the publication of financial reports which is a signal from the company that there is information available to help investors make decisions (Artaningrum et al., 2017).

Audit delay is the time between the closing of the books in a company and the date of publication of the audited financial report (Sihombing & Ka Hing, 2021). according to research by Kusumayanti (2016), audit delay is the length of time required for a financial report audit. This can be measured by the number of days needed from the end of the financial year to obtain an independent auditor’s report on the audit of the company’s financial statements. From the company closing date as stated in the independent auditor’s report until the company closing date. Audit delay can affect the accuracy of the information disclosed in our financial statements, which in turn affects the level of uncertainty in making decisions based on the information disclosed. Profitability is to measure how much business efficiency and profitability has been achieved by companies that show good performance (Tumanggor & Lubis, 2022). According to Astuti et al.,

(2021) the small profitability can be measured by the net profit margin on sales which measures the rate of return on each sale in currency, the return on total assets ratio which shows the company's ability to generate returns on the assets used, and the ratio return on equity which measures the level of return on investment for ordinary shareholders.

KAP reputation is the level or rank of KAP which is determined based on public evaluation of its performance in carrying out the audit process and completing audits on time based on reputation (Ibrahim & Suryanigsih, 2016). KAP reputation can be interpreted as a big name, achievements, and public trust in previous in fame. The higher the KAP's reputation, the more directly proportional the reputation is to the competence of the people within it. KAP's reputation can be seen from the performance of the audit process which does not meet audit standards, so that audit results help users of financial reports in making decisions (Astuti et al., 2021). according to POJK No. 11/POJK.03, the Audit Committee is responsible to the Board of Commissioners and has the task of carrying out the functions of the Board of Commisioners. The minimum number of committee members is three people from independent commissioners and external parties to the issuer. The definition of an audit committee is a group of individuals selected from larger group to carry out certain tasks or functions, or a client company who is responsible for assisting the auditor in maintaining the independence of the committee. Like most committees, audit committees tend to be more efficient with fewer members. The audit committee is very important as a medium of communication with the company (Amalina et al., 2019). Pandemic has caused all business sectors to experience setbacks due to various government policies to cambat the spread of the corona virus. Social and physical distancing guidelines mean that the movement of people and goods is strictly restricted. All activities must be done at home. This of course has an impact on the company's profitability and the opportunity for less income causes audit delays because it takes longer to return to normal as usual (Meini & Wulandari, 2022). The length of time it takes an auditor to complete the audit process can cause delays, which can have a negative effect on the company's ability to issue its financial reports on time, thereby delaying the audit. Factors such as profitability, KAP reputation, size of audit committee, and COVID-19 pandemic have the potential to affect the process of auditing a company's financial statements.

Profitability research from Ibrahim & Suryanigsih (2016) on infrastructure, utility, and transportation companies in 2012–2014. The similar result was found by (Putri 2013). These two studies show a strong significant effect between audit delay and corporate profitability, as measured by ROA. However, Amalina et al. (2019) examined LQ45 consumption index companies for the 2015-2017 period and research samples from 39 companies, and Astuti et al. (2021) selected a sample of 20 trading companies listed on the IDX in 2015-2019 and found no significant effect of profitability on audit delay. KAP reputation research from Irman (2017) on manufacturing companies from 2010 to 2015, and a sample of 20 companies was chosen. Harjanto (2017) did a multiple regression study of 42 property and real estate companies from 2013 to 2015 and found that KAP reputation and audit delay are significant effect. In the meantime, Loupatty et al. (2022) studied 164 companies in the trade, business, and investment sectors during the COVID-19 pandemic and Mawardani & Pesudo (2020) used 180 study data to look at 36 property and real estate companies from 2014 to 2018. Both studies found that the KAP reputation did not cause audits to be delayed. Size of audit committee research from Saragih (2018), which examined manufacturing companies from 2013 to 2016 using a sample size of 100 data and a regression model. Mawardani & Pesudo (2020), which supports research, also looks at how the size of audit committee affects audit delay. In both studies, size of audit committee had no significant effect on how long the audit took. Previously, Amalina et al. (2019) examined a final sample of 39 companies with 45 observations and found that size of audit committee has a significant effect on audit delay. COVID-19 pandemic research from Meini & Wulandari (2022) sampled 47 property and real estate sub-sector companies on the IDX in 2016-2020, while research from (Wijasari & Wirajaya (2021) sampled 105 mining sectors listed on the IDX in 2017-2019. According to both studies, the pandemic brought on by the COVID-19 virus has a significant effect on audit delay.

## Hypothesis Development

Profitability is a tool used to analyze management performance (Ubwarin et al., 2021). For companies with a high level of profitability, audit delays tend to be shorter because the company will not delay conveying good company news through the publication of financial reports. This is supported by research by Bahri & Amnia (2020) which states that companies with a high level of profitability tend to speed up the publication of their financial reports because they can increase company value. In other words, companies that have low profitability have a positive effect on audit delay than those that have high profitability because companies that have low profitability have a negative impact which causes a decrease in the assessment of a company's performance. On the other hand, research results from Putra & Wiratmaja (2019) and Wijayanti et al., (2019) found that profitability had a negative effect on audit delay. In relation to agency theory, profitability is related to agency theory which describes the relationship between the agent and the principal in achieving both goals, while profitability reflects the company's ability to generate profits. In the context of signal theory, long audit delays can provide negative signals about a company's profitability, which can influence investors' and shareholders' perceptions of company performance. Therefore, independent auditors need to pay attention to factors that influence company profitability when conducting audits and ensuring the reliability of the financial reports produced. Companies with high profitability can speed up the audit process because they have a good accounting and internal control system, as well as more organized and transparent financial reports. This can make it easier for auditors to examine, validate and verify the company's financial reports. This is supported by research by Agustina & Jaeni (2022), stating that profitability has a significant effect on audit delay, because companies with a high level of profitability will speed up the publication of financial reports, while companies with a low level of profitability will delay publication. In addition, Natalia et al. (2021) also found that audit delay was significantly influenced by profitability.

$H_1$: Profitability has significant effect on audit delay.

Public Accounting Firm (KAP) refers to the existing big four and non big four. The big four public accounting firms tend to be able to provide companies with audit reports and opinions in a shorter time. A KAP that has a good reputation is believed to increase the credibility of the financial reports of companies that use the services of the big four public accounting firms. The results of this research are in line with the research results of Jura & Tewu (2021) and Wijasari & Wirajaya (2021) where the research results show that KAP reputation has a negative effect on audit delay. By interpreting the reputation of the big four KAPs, the audit delays the convey will be short and they will make audit reports on time to the company. Meanwhile, research conducted by Tikollah & Samsinar (2019) shows that KAP reputation has no effect on audit delay, which shows that big four KAPs and non big four KAPs require relatively the same audit delay. The KAP's reputation in relation to agency theory is important because it can influence the behavior between the agent and the principal. Company management who want to maintain a good company reputation will choose a KAP that has a good reputation to audit their financial reports. Therefore, choosing the right KAP can help ensure the quality of audits carried out and reduce the risk of audit delays and shareholder concerns. KAP refers to offices affiliated with the big four or non-big four. The big four KAPs tend to be able to provide companies with audit reports and opinions in a shorter time. In relation to signal theory, the reputation of the big four KAPs can be considered as a quality positive signal from the company. KAPs that have a good reputation are believed to increase the credibility of companies that use the services of the big four KAPs. Based on research from Oktariansyah et al. (2022) and Ubwarin et al. (2021) shows that KAP reputation has a significant effect on audit delay. Auditors with big four KAPs will provide quality, effective and efficient financial report audit results in completing audit work on time compared to non-big four KAPs. By interpreting the size of their reputation, they will report short audit delays and make timely audit reports to the company.

$H_2$: KAP reputation has significant effect on audit delay.

According to the Indonesia Capital Market Supervisory Agency No.IX.I.5 (BAPEPAM) states that the audit committee is a committee that represents the commissioners in completing the tasks of the board of commissioners. The minimum number of committee members is three people from independent directors and external parties to the issuer. This is also supported by research conducted by Mawardani & Pesudo (2020) showing that the size of the audit committee has a negative effect on audit delay. This shows that the more audit committee members there are, the shorter the audit process will be and the resulting financial report will be more in line with applicable standards, and the time required for the auditor to carry out the audit will be shorter. A different opinion was expressed by Bhuiyan & D'Costa (2020), where there was an increase in audit delays when the company had a high number of audit committees. The size of the audit committee can influence agency behavior between agents and principals because it can influence the effectiveness of supervision and control within the company. Several studies show that the larger the audit committee, the better it monitors and controls. In connection with signal theory, the size of the audit committee can be considered as a signal about how serious the company is in carrying out supervision and control over its financial reports. Based on research conducted by Amalina et al., (2019) it is stated that the size of the audit committee has a significant effect on audit delay, there is an increase in audit delay in companies if they have a large audit committee.
$H_3$: Size of audit committee has significant effect on audit delay.

The impact of the Covid-19 pandemic is almost universal in various fields of human activity, including annual financial reporting activities and the implementation of audit work. This has an impact on the auditor's work in carrying out audits of company financial reports, where since the pandemic many audit tasks have been carried out using a remote audit approach. These changes affect the length of time for completing the audit process, which becomes longer. This statement is supported by research from Adhika Wijasari & Ary Wirajaya (2021) and Meini & Wulandari (2022) which revealed that during the Covid-19 pandemic, the audit process took longer compared to the year before the pandemic occurred. This shows that there is a positive influence of the Covid-19 pandemic conditions on audit delays.
$H_4$: COVID-19 Pandemic has significant effect on audit delay.

## METHODOLOGY

In this study, researchers only focused on the factors that influence audit delay. These factors include profitability ($X_1$), KAP reputation ($X_2$), audit committee size ($X_3$), and the Covid-19 pandemic ($X_4$) as independent variables. This research uses quantitative research. Quantitative data is data in the form of numbers, this data can be processed and analyzed using mathematical or statistical calculation techniques (Abdillah et al., 2019). The research uses secondary data from audited annual reports from mining sector companies listed on the IDX for the 2018-2021 period as the research sample. The purposive sampling research method is used for sample research, which is a kind of sample selection based on predetermined criteria. The sampling selected 17 companies with a total population of 68 companies that met the criteria, namely: a) mining companies registered on the IDX from 2018-2021, b) companies publishing annual financial reports that have been fully audited, and c) companies that publish financial reports with rupiah unit.

As a measurement in this research, audit delay (Y) is measured by the length of time between the end of the company's fiscal year and the date the audit report is issued. Profitability is proxied by the Return on Equity ratio, namely net profit divided by equity. KAP reputation is determined using a dummy variable. If the company is audited by a big four KAP, a value of 1 is assigned, while a value of 0 is given if it is audited by a non-big four KAP. The size of the audit committee is determined by the number of audit committees that have a financial background divided by the total number of audit committees the company has. The Covid-19 pandemic is measured using a dummy variable. Assessed 1 if the period occurred during the pandemic and 0 if it occurred before the pandemic. In processing the research data, Eviews 12 was used. The data analysis technique used in this investigation consisted of several stages. The stages consist of descriptive statistics, model testing, classical assumption testing, regression analysis, and hypothesis testing. In the first stage statistical analysis, known as descriptive statistics, is used to present data information from dependent and independent variables. By using minimum, maximum, average and standard deviation values, descriptive statistical analysis is used to present a picture of audit delay, profitability, KAP reputation, audit committee size and the Covid-19 pandemic. The next stage is to test the model. In this case, researchers carried out the Chow test, Hausman test and Langrange test.

**Audit Delay (Y)**

Audit delay refers to the time between the closing of a company's accounts and the publication of its audited financial statements (Sihombing and Ka Hing 2021). After the fiscal year, an independent auditor's audit delay affects the company's financial statements and investors' ability to make timely decisions about financial report accuracy and auditor uncertainty. According to Loupatty et al. (2022), audit delay equation is as follows:

$$\text{Audit Report Date} - \text{Financial Statement Date} \qquad (1)$$

**Profitability ($X_1$)**

Profitability is a measurement of how much business profitability and efficiency high-performing companies achieve (Tumanggor and Lubis 2022). Return on Equity is used to measure common shareholders' investment returns (Astuti et al., 2021). According to Astuti et al. (2021), profitability equation is as follows:

$$\textit{Return On}\ \text{Equity} = \frac{\text{Net profit}}{\text{Total assets}} \qquad (2)$$

**KAP Reputation ($X_2$)**

KAP reputation is defined by public review of KAP performance during the audit process, which must be completed on time (Ibrahim and Suryanigsih 2016). KAP reputation is based on its renowned name, remarkable accomplishments, and public trust in name. According to Loupatty et al. (2022), KAP reputation equation is if the company is audited by the KAP big four, this variable is assigned the value 1, but if the company is not audited by the KAP big four, it is assigned the value 0.

**Size of Audit Committee ($X_3$)**

POJK No. 11/POJK.03 states that the audit committee performs board of commissioners tasks. The audit committee shall have at least three independent commissioners or other issuer external persons, according to regulations. The audit committee is made up of members from the board of commissioners or shareholders. The audit committee ensures the quality, honesty, and transparency of the company's auditing process (Amalina, et al. 2019). According to Meini & Wulandari (2022), size of audit committee equation is as follows:

$$\frac{\text{Number of audit committee with accounting and finance backgrounds}}{\text{Total of Number of Audit Committee}} \text{ X } 100\ \% \qquad (3)$$

**COVID-19 Pandemic ($X_4$)**

COVID-19 pandemic has had an effect on all business sectors, which have endured setbacks as a result of various government policies to combat the spread of the corona virus Social and physical distancing laws restrict people and goods, forcing home-based activities. This affects the company's profitability and income potential, delaying audits because it takes time to restore to normal (Meini & Wulandari 2022). According to Meini & Wulandari (2022), COVID-19 pandemic equation is if the period fell during the pandemic, it was assigned a value of 1, but if it fell before the pandemic, it was assigned a value of 0.

## RESULT AND DISCUSSION

From the 63 mining companies registered on the ISE (Indonesia Stock Exchange) in 2018-2021, as 4 issuers were delisted during the observation period, 16 issuers have not published audited annual financial, and 26 issuers report their finances in foreign currency units. So that there were 17 issuers who met the purposive sampling criteria with a total panel data of 68 data. Eviews 12 was chosen so that the data for this study can be analyzed swiftly and accurately. Several stages of data analysis techniques were used in this study. The stages consist of descriptive statistics, model test, classic assumption test, and hypothesis testing.

### 4.1 Descriptive Statistics

Based on the test output (table 1), the results of descriptive statistical analysis show that audit delay has a minimum value of 45 days and a maximum value of 191 days. The average audit delay is 97 days. This shows that the average audit delay is 97 days, in accordance with BAPEPAM regulations that the deadline for submitting a company audit report is 90 days calculated from the closing of the financial report books. Company profitability as measured by Return on Equity has a minimum value of -2.895625 and a maximum value of 7.729016. The average profitability of the company is 0.102089. The standard deviation value of profitability is 1.117. KAP reputation has a minimum value of 0 and a maximum value of 1. The average KAP reputation is 0.220588. The standard deviation value of KAP reputation is 0.417726. Audit committee size has a minimum value of 0 and a maximum value of 1. The average audit committee size is 0.582647. The standard deviation value of the audit committee size is 0.244337. And finally the covid-19 pandemic variable has a minimum value of 0 and a maximum value of 1. The average for the covid-19 pandemic is 0.5. The standard deviation value of the Covid-19 pandemic is 0.503718.

**Table 1. Descriptive Statistics**

| | AD | PRO | REP | UKA | PCV |
|---|---|---|---|---|---|
| Mean | 97.30882 | 0.102089 | 0.220588 | 0.582647 | 0.500000 |
| Median | 89.00000 | 0.034449 | 0.000000 | 0.670000 | 0.500000 |
| Maximum | 191.0000 | 7.729016 | 1.000000 | 1.000000 | 1.000000 |
| Minimum | 45.00000 | -2.895625 | 0.000000 | 0.000000 | 0.000000 |
| Std. Dev. | 31.12385 | 1.117000 | 0.417726 | 0.244337 | 0.503718 |
| Skewness | 0.648113 | 4.547076 | 1.347721 | 0.081150 | 0.000000 |
| Kurtosis | 2.958231 | 34.04812 | 2.816352 | 2.364490 | 1.000000 |
| Jarque-Bera | 4.765515 | 2965.621 | 20.68088 | 1.218939 | 11.33333 |
| Probability | 0.092296 | 0.000000 | 0.000032 | 0.543639 | 0.003459 |
| Sum | 6617.000 | 6.942036 | 15.00000 | 39.62000 | 34.00000 |
| Sum Sq. Dev. | 64902.51 | 83.59515 | 11.69118 | 3.999924 | 17.00000 |
| Observations | 68 | 68 | 68 | 68 | 68 |

Source: Data processed Eviews 12 (2023)

### 4.2 Model Test

The analytical method used in this case is panel data regression analysis because this research uses panel data that combines time series and cross-sections. Panel data consists of 3 (three) models, namely: CEM, FEM, and REM. Model selection can be done using several tests, namely the Chow test, Hausman test, and Lagrange multiplier test. The CEM and FEM models were tested using statistical techniques. The chi-square p-value is used to evaluate a technique. If the value is less than the significant level of 0,05, the FEM model is used. The FEM and REM models were tested using statistical techniques. Cross-section random p-value is used to evaluate a technique. If the value is less than the significant level of 0,05, the FEM model is used. The REM and CEM models were tested using statistical techniques. Breusch-Pagan cross-section random p-value is used to evaluate a technique. If the value is less than the significant level of 0,05, the REM model is used. According to the results of the three tests (tabel 2) used to determine the suitable model, Fixed Effect Model (FEM) is the suitable model for this test.

**Table 2. Model Test**

| | Test. | Prob. |
|---|---|---|
| Uji Chow | Cross-Section Chi-Square | 0,0030 |
| Uji Hausman | Cross-Section random | 0,0177 |
| Uji Lagrange Multiplier | Cross-Section Breusch-Pagan | 0,4363 |

Sumber: Ringkasan Output Eviews (2023)

Based on the table above, the first test starts from the Chow Test to choose between CEM or FEM. Based on this test, the suitable model is FEM because the Chi-Square Cross-Section shows a probability value of 0.0030 (<0.05). The second test is the Hausman Test to choose between FEM or REM. Based on this test, the suitable model is FEM because the random Cross-Section shows a probability value of 0.0177 (<0.05). The final test is the Langrage Multiplier Test to choose between CEM or REM. Based on this test, the most suitable model is REM because the Breusch-Pagan Cross-Section shows a probability value of 0.4363 (>0.05). The three tests to find a suitable model show that the suitable model is FEM.

### 4.3 Classic Assumption Test

**Normality Test**

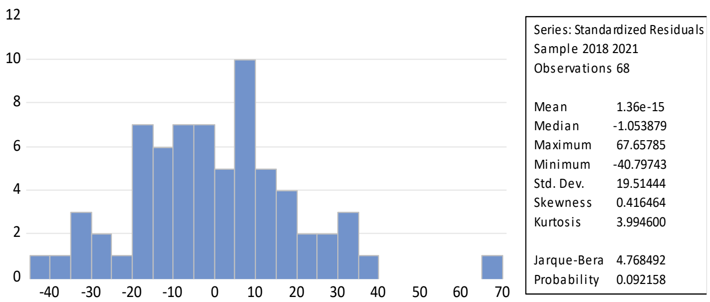


**Fig. 1. Normality Test**

According to Figure 1, the Jarque-Bera p-value is 4,768492 with the use of 68 observations and p-value 0,092158 > 0,05. Then it was stated that the data variable used in the study was distributed normally.

**Multicollinearity Test**

**Table 3.** Multicollinearity Test

| Variable | Coefficient Variance | Uncentered VIF | Centered VIF |
|---|---|---|---|
| C | 91.53201 | 9.066959 | NA |
| PRO | 8.919714 | 1.095414 | 1.086205 |
| REP | 61.55924 | 1.345130 | 1.048410 |
| UKA | 200.7011 | 7.887919 | 1.156921 |
| PCV | 41.40513 | 2.050750 | 1.025375 |

Source: Data processed Eviews 12 (2023)

Based on table 3, the dependent variable in this study does not show signs of multicollinearity. The tolerance value is not less than 0,1 and the VIF value does not exceed 10, So, there is no indication of multicollinearity in the regression model used.

**Autocorrelation Test**

**Table 4. Autocorrelation Test**

| | | | |
|---|---|---|---|
| Root MSE | 19.37042 | R-squared | 0.606880 |
| Mean dependent var | 97.30882 | Adjusted R-squared | 0.439595 |
| S.D. dependent var | 31.12385 | S.E. of regression | 23.29939 |
| Akaike info criterion | 9.383018 | Sum squared resid | 25514.49 |
| Schwarz criterion | 10.06845 | Log likelihood | -298.0226 |
| Hannan-Quinn criter. | 9.654609 | F-statistic | 3.627814 |
| Durbin-Watson stat | 2.038204 | Prob(F-statistic) | 0.000141 |

Source: Data processed Eviews 12 (2023)

Based on table 4, the Durbin Watson test value is 2,0382, According to dU (1,7335) and dL (1,4853) values in the Durbin-Watson table for a total sample of 68 and 4 independent variables, the value of 2,0382 is between dU and 2,5147 (4 - dU). So, there is no indication of autocorrelation in the regression model used.

**Heteroscedasticity Test**

**Table 5. Heteroscedasticity Test**

| | | | |
|---|---|---|---|
| F-statistic | 1.652220 | Prob. F(4,63) | 0.1723 |
| Obs*R-squared | 6.456126 | Prob. Chi-Square(4) | 0.1676 |
| Scaled explained SS | 5.406172 | Prob. Chi-Square(4) | 0.2481 |

Source: Data processed Eviews 12 (2023)

Based on table 5, it was found that the p-value of the Obs*R-square chi-square (0,1676) is greater than the specified significant level (0,05). So, there is no indication of heteroscedasticity in the regression model used.

## 4.4 Hypothesis Testing

### Multiple Linear Regression

**Table 6. Multiple Linear Regression**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 114.8049 | 14.34796 | 8.001478 | 0.0000 |
| PRO | -1.315534 | 3.078960 | -0.427266 | 0.6711 |
| REP | 22.05438 | 27.31981 | 0.807267 | 0.4236 |
| UKA | -49.04764 | 23.25514 | -2.109109 | 0.0403 |
| PCV | 12.70151 | 5.979082 | 2.124324 | 0.0389 |

Source: Data processed Eviews 12 (2023)

Based on table 6, as a basis for knowing the effect between variables. The results of the multiple linear regression equation are:

AD = 114.8049-1,315534PRO+22,05438REP–49,04764UKA+12,70151PCV+e (4)

The constant value is 114.8049, which means that if profitability, KAP reputation, audit committee size, and the Covid-19 pandemic are considered constant or have not changed, then the audit delay will be 114.8049 days. The profitability regression coefficient value is -1.315534, which means that if profitability experiences a change of 1 unit causing audit delay to decrease by 1.315534 days then in this case the values of the other independent variables are considered constant. The regression coefficient value for KAP reputation is 22.05438, which means that if KAP reputation experiences a change of 1 unit causing audit delay to increase by 22.05438 days then in this case the values of the other independent variables are considered constant. The regression coefficient value for the size of the audit committee is -49.04764, which means that if the size of the audit committee experiences a change of 1 unit causing audit delay to decrease by 49.04764 days then in this case the values of the other independent variables are considered constant. The regression coefficient value for the Covid-19 pandemic is 12.70151, which means that if the Covid-19 pandemic experiences a change of 1 unit causing audit delay to increase by 12.70151 days then in this case the values of the other independent variables are considered constant.

**Coefficient of Determination Test ($R^2$)**

The Adjusted R-squared value in table 4 of 0,439595. The states that the variables of profitability, KAP reputation, size of audit committee, and COVID-19 pandemic explaining audit delay by 44% and the remaining 56% is explained by other factors in beyond the research model. t- Statistical Test (Partial Hypothesis Test)

**Table 7. t- Statistical Test**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 114.8049 | 14.34796 | 8.001478 | 0.0000 |
| PRO | -1.315534 | 3.078960 | -0.427266 | 0.6711 |
| REP | 22.05438 | 27.31981 | 0.807267 | 0.4236 |
| UKA | -49.04764 | 23.25514 | -2.109109 | 0.0403 |
| PCV | 12.70151 | 5.979082 | 2.124324 | 0.0389 |

The p-value of profitability is 0,6711, and the p-value of the KAP reputation is 0,4236, both of which are larger than the significant value of 0,05. Therefore, it is clear that audit delay have a insignificant effect by either profitability or KAP reputation.

The p-value of size of audit committee is 0,0403, and the p-value of the COVID-19 pandemic is 0,0356, both of which are less than the significant value of 0,05. Consequently, it can be concluded that size of audit committee and COVID-19 pandemic have a significant effect on audit delay.

## 5 Discussion

### 5.1 The Effect of Profitability on Audit Delay

The first hypothesis states that profitability influences audit delays. The partial test produces a profitability probability of 0.6711, which is greater than 0.05. Profitability does not really affect audit delays, so H1 is rejected. Amalina et al. (2019) and Pasupati & Husain (2022) reveal that profitability does not affect audit delays. Financial reports are due on time regardless of profitability variables. In addition, research conducted by Cahyati & Anita (2019) shows that company profitability alone is not enough to support the timely submission of its financial reports, nor is it a factor that determines whether or not audit reporting is completed on time. If the company has been listed on the IDX, it has become a binding obligation to carry out an audit on time, which must be fulfilled because it is an absolute requirement. So the profitability factor experienced by issuers, whether they experience profits or losses, does not affect the time to report financial reports. So it is not significantly related to audit delay. This states that profitability has no significant effect on audit delay statistically. The audit's focus on financial statement dependability makes small or huge profitability irrelevant. Independent auditors use a more impartial audit approach to verify financial statement information. Auditors verify financial statements without considering the company's profitability. This study confirms Amalina et al. (2019) and Astuti et al. (2021) that profitability has no significant effect on audit delay.

### 5.2 The Effect of KAP Reputation on Audit Delay

The second hypothesis states that KAP's reputation has a significant effect on audit delay. Based on the results of the partial test (t-test) carried out on Eviews 12, the result for the probability of KAP reputation is 0.4236, where this value is greater than the significance value of 0.05. The results of the hypothesis test state that KAP reputation factors do not significantly influence audit delay, so H2, which states that KAP reputation has a significant effect on audit delay, is rejected. The results of this research are in line with the research of Astuti et al. (2021) and Loupatty et al.

(2022) stated that KAP's reputation does not affect audit delay. This means that KAP B-4 and KAP non-B4 have the same obligations in submitting financial reports. In completing the company's financial reports, KAP will always try to maintain the company's reputation by completing audits on time. In order for non-B4 KAPs to be assessed by clients as professionals, they will try to work effectively and efficiently so that the duration of audit delays can be shortened. Even if the company does not use the services of KAP B-4, a company that has listed on the IDX must fulfill the audit requirements, no more than in March of the following year or before the April corporate tax reporting period. This states that KAP reputation has no significant effect on audit delay statistically. Financial report requirements are the same for big four and non-big four KAPs. In completing the company's financial accounts, KAP will always work to maintain the company's reputation by completing audits quickly. A corporation listed on the IDX must fulfill audit criteria, even if KAP non-big four. This study confirms Loupatty et al. (2022) and Mawardani & Pesudo (2020) that KAP reputation has no significant effect on audit delay.

**5.3 The Effect of Size of Audit Committee on Audit Delay**

The third hypothesis states that the size of the audit committee significantly affects audit delay. Based on the results of the partial test (t-test) that was carried out on Eviews 12, the results obtained for the probability of audit committee size were 0.0403, where this value is smaller than the significance value of 0.05. The results of the hypothesis test that the size of the audit committee has a negative effect on audit delay, so H3 which states that the size of the audit committee has a significant effect on audit delay is accepted. The results of this research are in line with research by Arry E (2017) that the size of the audit committee has a negative effect on audit delay and states that the larger the size of the audit committee, the greater the incidence of audit delay. The large size of the audit committee in practice may complicate coordination, decision making and scheduling, which can cause audit delays. This shows that the size of the audit committee in overseeing the company's financial reports affects the time required to complete the audit. This indicates that the auditor will need less time to complete the audit as the size of the audit committee increases. According to the results of the t test on the third hypothesis, which states size of audit committee has a significant effect on audit delay, the significant value is less than the 5% significant level (0,0403 < 0,05). This states that size of audit committee has significant effect on audit delay statistically. Audit delays will decrease accordingly to the size of audit committee. The addition of members to the audit committee can strengthen the company's internal control and shorten the auditing process. This study's findings correlate with Amalina et al. (2019) conclusion that the size of audit committee has a significant effect on audit delay.

**5.4 The Effect of COVID-19 Pandemic on Audit Delay**

The fourth hypothesis states that the Covid-19 pandemic significantly affects audit delays. Based on the results of the partial test (t-test), the result for the probability of a pandemic is 0.0389, where this value is smaller than the significance value of 0.05. The results of the hypothesis test state that the Covid-19 pandemic factor significantly influences audit delay, so H4 which states that the Covid-19 pandemic has a significant effect on audit delay is accepted. The pandemic, which has created policies and become mandatory to follow, has had an impact on almost all activities, including the work of auditors. In contrast to before the pandemic, the audit process becomes hampered in completing the audit, because auditors need more additional time due to obstacles in carrying out the audit process while adhering to SPAP (Professional Standards for Public Accountants) rules, resulting in longer audit delays. During the 2020-2021 pandemic, many company activities were carried out online, including audit activities. This could be the cause of audit delays. Audits are more difficult if done online compared to offline audits. So it is in line with the results of this research output where the pandemic has a significant effect on audit delays. According to the results of the t test on the fourth hypothesis, which states COVID-19 pandemic has a significant effect on audit delay, the significant value is less than the 5% significant level (0,0389 < 0,05). This states that COVID-19 pandemic has significant effect on audit delay statistically. Due to pandemic conditions like the social distancing policy, the audit was delayed.

Auditors must change the way they work by using information technology and doing virtual audits. The COVID-19 pandemic triggered significant changes in the audit process and caused longer audit delays than before. This study confirms Wijasari & Wirajaya (2021) and Meini & Wulandari (2022) confirm that COVID-19 pandemic has a significant effect on audit delay.

**Table 8. Summary of Hypothesis Test Results**

| No | Hypothesis | Sig | Result |
|---|---|---|---|
| 1 | The Effect of Profitability on Audit Delay | 0,6711 | No significant effect |
| 2 | The Effect of KAP Reputation on Audit Delay | 0,4236 | No significant effect |
| 3 | The Effect of Size of Audit Committee on Audit Delay | 0,0403 | Significant effect |
| 4 | The Effect of COVID-19 Pandemic on Audit Delay | 0,0389 | Significant effect |

Source: Data processed Eviews 12 (2023)

## CONCLUSION

First, profitability has no effect on audit delay. Profitability is a measure of a company's financial performance, while audit delay refers to delays in completing the financial audit process. Although delays in financial reporting have consequences for the company, audit delays do not have a direct influence on profitability. Second, the KAP's reputation does not affect audit delay. Audit delays can occur at any KAP, including those with a good reputation. Each KAP can face challenges and obstacles impacting their ability to complete audits on time. Therefore, KAP's reputation can influence client perceptions and preferences, but it does not directly affect the audit delays that occur. Third, audit committee size hurts audit completion time. Audit committee size refers to the number of members on a company's audit committee. This can happen if the increasing size of the audit committee to supervise and ensure the integrity of the company's financial reporting against applicable accounting regulations and standards can hurt the efficient audit process and result in delays. Fourth, the Covid-19 pandemic has a significant effect on audit delays. The COVID-19 pandemic has had a significant impact on various aspects of life, including limiting auditors in carrying out their audit duties. There are changes to audit procedures using a remote audit approach, operational obstacles that disrupt company activities and make things difficult for auditors, and economic uncertainty that can cause delays in preparing financial reports and the audit process. Several suggestions for future research are expected to expand the scope of research and extend the observation period. Further research is needed to test other independent variables that have been proven to influence audit delays from both external and internal sources.

## REFERENCES

Adhika Wijasari, L. K., & Ary Wirajaya, I. G. (2021). Faktor-Faktor yang Mempengaruhi Fenomena Audit Delay di Bursa Efek Indonesia. *E-Jurnal Akuntansi*, *31*(1), 168. https://doi.org/10.24843/eja.2021.v31.i01.p13

Agustini, P., & Sumarna, A. (2023). Factors That Affect Stock Prices in LQ 45 Indexed Companies. *INTERNATIONAL CONFERENCE ON APPLIED ECONOMICS AND SOCIAL SCIENCE (ICAESS) 2022*. https://doi.org/10.4108/eai.5-10-2022.2325856

Amalina, N., Amelia, F., & Alfatah, W. (2019). Analysis Effect of Profitability Ratio, Leverage Ratio, Audit Committee and Public Accounting Firm Size on Audit Delay. *Indonesian Management and Accounting Research*, *17*(1), 36–52. https://doi.org/10.25105/imar.v17i1.4664

Astuti, A., Supitriyani, S., & Sembiring, L. D. (2021). Impact of Reputation of Public Accounting Firms as Mediating Between Leverage, Profitability and Company Size Against Audit Delay of Large Trading Companies on Indonesia Stock Exchange. *Jurnal Maksipreneur:*

*Manajemen, Koperasi, Dan Entrepreneurship*, *11*(2), 177. https://doi.org/10.30588/jmp.v11i2.892.

Bahri, S., & Amnia, R. (2020). Effects of Company Size, Profitability, Solvability and Audit Opinion on Audit Delay. *Journal of Auditing, Finance, and Forensic Accounting*, *8*(1), 27–35. https://doi.org/10.21107/jaffa.v8i1.7058.

Bhuiyan, M. B. U., & D'Costa, M. (2020). Audit committee ownership and audit report lag: evidence from Australia. *International Journal of Accounting and Information Management*, *28*(1), 96–125. https://doi.org/10.1108/IJAIM-09-2018-0107.

Cahyati, A. D., & Anita, A. (2019). Pengaruh Profitabilitas, Solvabilitas, Dan Opini Auditor Terhadap Audit Delay Dengan Ukuran Perusahaan Sebagai Variabel Pemoderasi. *Jurnal Penelitian Teori & Terapan Akuntansi (PETA)*, *4*(2), 106–127. https://doi.org/10.51289/peta.v4i2.408

CNBC Indonesia. (2022). *Waduh! Masih Ada 32 Emiten Belum Sampaikan Laporan Keuangan*. 11 January 2022.

E. Perdana K. (2016). Olah Data Skripsi Dengan SPSS 22. In *Lab Kom Manajemen Fe Ubb*.

Garinas, W. wahyu. (2020). the Impact of Covid-19 Pandemic on Metal Mineral Commodities in Indonesia and Their Mitigation in Mining Activities. *Jurnal Sains Dan Teknologi Mitigasi Bencana*, *15*(2), 123–130. https://doi.org/10.29122/jstmb.v15i2.4461.

Harjanto, Karina. 2017. "Pengaruh Ukuran Perusahaan, Profitabilitas, Solvabilitas, Dan Ukuran Kantor Akuntan Publik Terhadap Audit Delay(Studi Empiris Terhadap Perusahaan Sektor Manufaktur Terdaftar Di BEI Periode 2013-2015)." Ultima Accounting 9(8): 33–49.

Ibrahim, A. M., & Suryanigsih, R. (2016). Pengaruh Profitabilitas, Leverage, Reputasi KAP dan Opini Audit terhadap Audit Delay. *Ultimaccounting : Jurnal Ilmu Akuntansi*, *8*(1), 1–21. https://doi.org/10.31937/akuntansi.v8i1.574.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1177/0018726718812602

Loupatty, L. G., Sitanala, T. F., & ... (2022). Analysis of Determinants of Audit Delay in Trade, Service and Investment Companies in the Covid-19 Pandemic (Empire Study on the Indonesia Stock Exchange). *... Research and Critics ...*.

Mansuri. (2016). Modul Praktikum Eviews Analisis Regresi Linier Berganda Menggunakan Eviews. In *Fakultas Ekonomi Universitas Borobudur*.

Meini, Z., & Wulandari, S. (2022). The Effect of Profitability , KAP Reputation , Size of Audit Committee and COVID-19 Pandemic on Audit Delay ( Empirical Study in Property and Real Estate Sub Sector Companies Listed on Indonesia Stock Exchange in 2016-2020 ). *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*, *5*(2), 11592–11604.

Natalia, C., Destiny, & Putri, A. P. (2021). Pengaruh Ukuran Perusahaan, Solvabilitas, Profitabilitas, Umur Perusahaan terhadap Audit Delay pada Sektor Pariwisata di BEI. *Jurnal Ilmiah MEA (Manajemen, Ekonomi, Dan Akuntansi)*, *5*(3), 933–947.

Oktariansyah, O., Putra, A. E., & Putri, H. K. (2022). Effect of Company Age, Size of Public Accounting Firm and Firm Solvency on Audit Delay. *Jurnal Akuntansi*, *12*(1), 63–72. https://doi.org/10.33369/j.akuntansi.12.1.63-72

Pasupati, B., & Husain, T. (2022). Determinants of Audit Report Lag during the Covid-19 Pandemic: A Study on Companies Conducting IPOs and Indexed LQ-45. *Jurnal Ilmiah Akuntansi)* •, *7*(1), 19–38. https://doi.org/10.23887/jia.v7i1.30835

Rahmansyah, A. I., Wardayati, S. M., & Miqdad, M. (2021). Audit Committee, Board, and Audit Report Lag. *Wiga : Jurnal Penelitian Ilmu Ekonomi*, *11*(1), 19–30. https://doi.org/10.30741/wiga.v11i1.577

Ross, S. A. (1977). Determination of Financial Structure: the Incentive-Signalling Approach. *Bell J Econ*, *8*(1), 23–40. https://doi.org/10.2307/3003485

Sawitri, N. M. D. C., & Budiartha, I. K. (2018). Pengaruh Audit Tenure dan Financial Distress pada Audit Delay dengan Spesialisasi Auditor Sebagai Variabel Pemoderasi. *E-Jurnal Akuntansi*, *22*, 1965. https://doi.org/10.24843/eja.2018.v22.i03.p12

Sihombing, T., & Ka Hing, C. (2021). Analysis the Effect of Financial Distress, Company Size, Inventory Activities and Profitability on Audit Delay. *Jurnal Ilmiah MEA*, *5*(2), 1712.

Sumarna, A. D., & Muzakir, W. P. (2022). Non-Financial Factors Affecting Financial Performance in Indonesian Ncsr Award Recipient Companies. *Berkala Akuntansi Dan Keuangan Indonesia*, *7*(1), 01–20. https://doi.org/10.20473/baki.v1i1.26445

Sumarna, A. D. N. F. Y. (2021). Kinerja Perusahaan Menggunakan Nilai Pasar Tobin ' S Q. *Jurnal Ilmu Keuangan Dan Perbankan (JIKA)*, *10*(2), 236–255.

Tumanggor, Rikki Atjuar, and Mahmuddin Syah Lubis. 2022. "Pengaruh Likuiditas, Profitabilitas, Solvabilitas Dan Ukuran Perusahaan Terhadap Audit Delay Tahun 2017-2019." Owner 6(2): 1208–20.

Ubwarin, K. H., Setyorini, C. T., & Bawono, I. R. (2021). Firm Size , Audit Firm Size , Profitability , Solvability , and Public Ownership Influences on Audit Delay Pengaruh Ukuran Perusahaan , Ukuran Kantor Audit , Profitabilitas , Solvability , dan Kepemilikan Publik terhadap Audit Delay. *Jurnal Economia*, *17*(2), 162–174.

Yulianti, Astutik, D. T., Widowati, S. Y., & Prapti, L. (2021). Factors that Affect Audit Delay in Companies at LQ 45. *Accounting Analysis Journal*, *10*(2), 138–142. https://doi.org/10.15294/aaj.v10i2.46138**.**