

astuti

by Astuti Astuti

Submission date: 13-Sep-2021 08:10AM (UTC-0700)

Submission ID: 1647256715

File name: Artikel_JMP_eng.docx (130.63K)

Word count: 7168

Character count: 38200

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

Astuti

Sekolah Tinggi Ilmu Ekonomi Sultan Agung

Supitriyani

Sekolah Tinggi Ilmu Ekonomi Sultan Agung

Lenny Dermawan Sembiring

Sekolah Tinggi Ilmu Ekonomi Sultan Agung

Author's correspondence: azztuty91@gmail.com

17

Abstract. Financial statements delivered in a timely manner are useful in analyzing and making decisions in the economic field that can contribute to national economic growth. The timeliness of financial statements on the results of the audit report can also affect the value of the financial statements. This research aims to determine the influence of leverage, profitability and company size on audit delay as well as the impact of reputation of public accounting firms as a mediating influence of leverage, profitability and company size on audit delay. This research was conducted on twenty Large Trading Companies during the period 2015-2019 which totaled 100 data. The data analysis techniques used in this research are descriptive statistical analysis, classical assumption test, multiple regression analysis, and hypothesis testing. The results showed that partially leverage negatively and insignificantly affected audit delay, profitability and reputation of public accounting firms positively and insignificantly on audit delay, while the company size had a negative and significant effect on audit delay. Furthermore, the reputation of public accounting firms is able to mediate the influence of leverage on audit delay but is unable to mediate the influence of company size and profitability on audit delay.

Keywords: Audit Delay, Company Size, Leverage, Profitability, Reputation of Public Accounting Firms.

Abstrak. Laporan keuangan yang disampaikan secara tepat waktu bermanfaat dalam menganalisis dan mengambil keputusan dalam bidang ekonomi yang dapat memberikan kontribusi dalam pertumbuhan ekonomi nasional. Ketepatan waktu suatu pelaporan keuangan atas hasil laporan audit juga dapat mempengaruhi nilai dari laporan keuangan tersebut. Penelitian ini bertujuan untuk mengetahui pengaruh leverage, profitabilitas dan ukuran perusahaan terhadap audit delay serta dampak dari reputasi KAP sebagai pemediasi pengaruh leverage, profitabilitas dan ukuran perusahaan terhadap audit delay. Pelaksanaan penelitian dilakukan pada dua puluh Perusahaan Perdagangan Besar selama periode 2015-2019 yang secara total berjumlah 100 data. Teknik analisis data yang digunakan dalam penelitian ini adalah analisis statistik deskriptif, uji asumsi klasik, analisis regresi linear berganda, dan pengujian hipotesis.

Hasil penelitian menunjukkan bahwa secara parsial leverage berpengaruh negatif dan tidak signifikan terhadap audit delay, profitabilitas dan reputasi KAP berpengaruh positif dan tidak signifikan terhadap audit delay, sedangkan ukuran perusahaan berpengaruh negatif dan signifikan terhadap audit delay. Selanjutnya, reputasi KAP mampu memediasi pengaruh leverage terhadap audit delay tetapi tidak mampu memediasi pengaruh ukuran perusahaan dan profitabilitas terhadap audit delay.

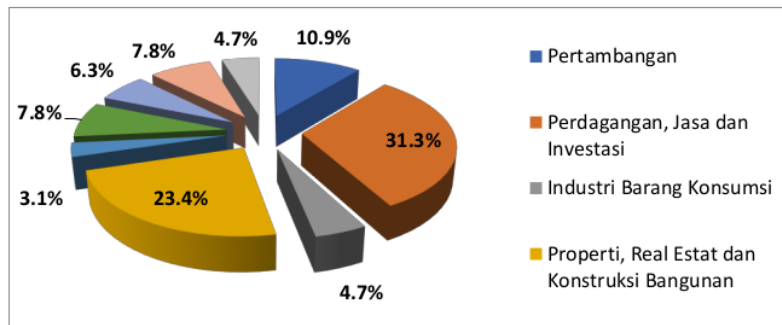
Kata kunci: Audit Delay, Leverage, Profitabilitas, Reputasi KAP, Ukuran Perusahaan.

BACKGROUND

Each company listed on the Indonesia Stock Exchange is required to submit financial statements that have been prepared in accordance with Financial Accounting Standards and have been audited by public accountants registered with the Capital Market Supervisory Agency. The fulfillment of standards by auditors not only has an impact on the length of reporting of audit results but also has an impact on the quality of the audit. The timeliness of a financial statement on the results of the audit can affect the value of the financial statements and is also useful in analyzing and making decisions in the economic field that can contribute to national economic growth (Rahardi & Diah, 2021). One of the company's constraints in publishing financial statements to the public and to the Capital Market Supervisory Agency is the timeliness of the auditor in completing his audit report (Putri et al., 2021).

The time span of completion of the audit report on the annual financial statements, measured based on the length of days needed to obtain the independent auditor's financial statements on the audit of the company's financial statements from the closing date of the company's book, which is december 31 to the date stated in the independent auditor's report is called audit delay. Audit delays that exceed the deadline for the provisions of the Financial Services Authority (OJK) certainly result in delays in the publication of financial statements. OJK requires public companies that have been listed on the Indonesia Stock Exchange to submit annual financial statements no later than 4 (four) months after the financial year ends or 120 days after the book closes. This is in accordance with OJK Regulation No. 29/POJK.04/2016 on Annual Report of Issuers or Public Companies (O. J. K. R. Indonesia, 2016). Companies that are late to submit financial statements will be subject to written or unwritten sanctions (Lapinayanti & Budiarta, 2018).

Based on the Indonesia Stock Exchange Announcement dated June 10, 2020 concerning the Submission of Audited Financial Statements Ended December 31, 2019 there are sixty-four (64) companies that have not submitted financial statements in a timely manner with percentages in figure 1 (B. E. Indonesia, 2020).



Source: (B. E. Indonesia, 2020)

Figure 1. Percentage of Companies That Submitted Audited Financial Statements Ended December 31, 2019

Quoted from the IDX Announcement, there are 20 Trading Companies that are late to submit financial statements for the period of December 31, 2019, seven of which are Large Trading Companies namely PT Asia Sejahtera Mina, Tbk, PT Exploitation Energi Indonesia, Tbk, PT Evergreen Invesco, Tbk, PT Intraco Penta, Tbk, PT Modern International, Tbk, PT Tira Austenite, Tbk, and PT Triwira Insanlestari, Tbk.

There are several factors that can affect the timeliness of financial statements, including leverage, profitability, scale or size of the company and the reputation of the Public Accounting Firm (KAP). Leverage is the ratio used to measure a company's ability to pay its liability. The high leverage ratio reflects the high financial risk of the company (Lapinayanti & Budiarta, 2018). Profitability is a measuring tool to assess a company's ability to generate profits at a certain level of sales, assets and capital (Sumiati & Indrawati, 2019). The size of a company can be interpreted as a comparison of the size or small business of a company or organization (Hery, 2017). The reputation of the Public Accounting Firm (KAP) is reflected in the performance in the audit process in accordance with audit standards so that the audit results can be useful for the decision making of users of financial statements (Sunarsih et al., 2021).

Previous research related to audit delays included (Elvienne & Apriwenni, 2019) examining the effect of profitability, solvency, and the size of the company on audit

delay with KAP's reputation as a moderation with the result are profitability has a negative but not significant effect on audit delay, this is because the audit process of companies that have a small level of profitability is no different from the audit process of companies with large levels of profitability. Companies that experience profitability both small and large will tend to speed up their audit process. Then solvency has a positive and significant effect on audit delay, meaning that the more debt received by the company, the longer the audit delay, while the size of the company has a positive but insignificant effect on audit delay. Furthermore, KAP's reputation is able to strengthen the profitability correlation to audit delay, has no significant effect in weakening the correlation between solvency to audit delay and has no significant effect in strengthening the correlation between the size of the company to audit delay.

Another research (Andiyanto et al., 2017) examined the influence of profitability, solvency and company size on audit report lag with KAP's reputation as a moderating variable with the results profitability not having a significant negative effect on audit report lag. Based on the results of statistics show that most financial companies have the ability to make good profits and there are some companies that have low profitability but overall companies are able to publish financial statements with the right time frame. Then, solvency has a significant negative effect on audit report lag, the size of the company positively affects audit report lag and kap reputation does not strengthen the influence of profitability, solvency and the size of the company on audit report lag. In addition, there is also research related to audit delay, which is conducted by (Lapinayanti & Budiarta, 2018) with the title "Effect of Profitability and Leverage on Audit Delay with Company Size as Moderation" with the results profitability has a significant positive effect on audit delay and leverage has a significant positive effect on audit delay. Furthermore, the size of the company weakens the interaction between profitability on audit delays. Large companies with high profitability ratios show that the company's performance is getting better, so large companies will be able to maintain the survival of their business. This can make it less likely that the company has an audit delay, because large companies with high profitability tend to have short audit delays because it is good news. The size of the company weakens the interaction between leverage on audit delays. High leverage can occur in companies large and small because

it still bears large financial risks. The condition of the company can slow down the reporting of financial statements, causing bad news.

This research was conducted to find out and analyze the influence of leverage, profitability and the size of the company on audit delays as well as the impact of KAP's reputation as a mediation of leverage, profitability and company size on audit delays on Large Trading Companies listed on the Indonesia Stock Exchange with a research period of 2015 to 2019, where previously there was still little research that examined audit delays in this Company with perio de 2015 to 2019. The research used the latest data from 2015 to 2019 for 5 years. The time span of the research and the year of this research is used to distinguish with previous research so that this research is expected to be able to produce more significant research results.

THEORETICAL REVIEW

Audit Delay

Audit delay is the length of time the audit is completed as measured from the closing date of the financial year to the date of publication of the audit report. Audit delays can be calculated by way of the date the auditor's report was issued minus the end date of the company's fiscal year. So that the longer the difference between the end of the fiscal year and the date the audit report is published will affect the relevance of the company's financial statements (Darmawan & Ardini, 2021). Based on the regulation of the Financial Services Authority (OJK) Number 29/POJK.04/2016 on the Annual Report of Issuers or Public Companies requires every issuer or public company listed on the Indonesia Stock Exchange to submit annual financial statements to OJK no later than the end of the fourth month after the financial year ends and must be submitted to the Financial Services Authority on the same date as the availability of the Annual Report for shareholders (O. J. K. R. Indonesia, 2016).

Leverage

Leverage is the ratio used to measure a company's ability to pay its liability. The high leverage ratio reflects the high financial risk of the company (Lapinayanti & Budiarta, 2018). The small amount of leverage can be measured by Debt Ratio, Debt to Equity Ratio, Time Interest Earned Ratio and Long Term Debt to Equity Ratio. Debt Ratio is used to measure the proportion of funds sourced from debt to finance the assets of a calculated company by comparing total debt with total assets. Debt to Equity Ratio

is used to measure the proportion of funds sourced from a company's equity to be used as collateral for calculated debt by comparing total debt with total equity. The Time Interest Earned Ratio is used to measure a company's ability to pay a fixed charge of interest using EBIT (Earning Before Interest and Taxes) calculated by comparing EBIT with interest. Long Term Debt to Equity Ratio is used to measure the small use of long-term debt compared to the company's own capital (Aisyah et al., 2020). The leverage in the research was measured using the Debt to Equity Ratio (DER), with the formula:

$$\text{Debt to Equity Ratio (DER)} = \frac{\text{Total liability}}{\text{Total equity}}$$

The research of (Siahaan & Andayani, 2021) states that a high proportion of debt causes the company to get a little problem where the company inevitably has to confirm the acquisition of debts owned by the company to the relevant parties. The greater the company's debt, it will extend the process that must be carried out by the relevant parties and have an impact on the preparation of audit reports that are automatically hampered and have an impact on long audit delays. Based on the description above, the hypothesis can be formulated as follows.

H1: Leverage positively affects on audit delay

Profitability

Profitability is the company's ability to generate profits from its normal business activities (Ginting, 2019). The small amount of profitability can be measured by Net Profit Margin on Sales which is measuring the return on each sale in rupiah, Return on Total Assets (ROA) which shows the company's ability to generate returns on assets used, and Return on Equity (ROE) which is measuring the rate of return on investment for common stockholders (Harahap, 2018). Profitability in this research was measured using Return on Equity (ROE), with the formula:

$$\text{Return on Equity (ROE)} = \frac{\text{Net Profit}}{\text{Total equity}}$$

Research (Siahaan & Andayani, 2021) states that profitability negatively affects on audit delays, meaning companies with high levels of profitability or are said to get good news signals will report their financial statements faster than companies that experience losses or with lower levels of profitability that are considered bad news. Based on the description above, the hypothesis can be formulated as follows.

H2: Profitability negatively affects on audit delay

Company Size

The company size can be interpreted as a comparison of the size or small business of a company or organization (Hery, 2017). The company size is usually seen from the total assets, sales, and market capitalization. Of the three variables above, the size of the company through total assets tends to be more stable than through sales. This is because sales tend to fluctuate more each year than total assets. While the market capitalization value is the value of the company calculated through the results of times between the number of outstanding shares and the market value of shares per share (Anita & Cahyati, 2019). In this research the size of the company was measured by total sales, with the formula:

$$\text{The company size} = \text{Ln (sales)}$$

Research (Elvienne & Apriwenni, 2019) states that large companies will complete their audit processes faster than small companies, this is due to several factors, namely large-scale company management tends to be given incentives to reduce audit delays because the company is closely monitored by investors, capital supervisors, and the government. Companies with large total assets and strong internal control are good news for the company. This is related to the signal theory, that the company will tend to report its financial statements faster if the company has good news. Based on the description above, the hypothesis can be formulated as follows.

H3: The company size negatively affects on audit delays

Reputation of Public Accounting Firm (KAP)

Kap's reputation can be interpreted as public trust in the big name, achievements that have been achieved, and the good name that has been owned so far. The better the reputation of a KAP, it is directly proportional to the competence of human resources in it. The reputation of the Public Accounting Firm (KAP) is reflected in the performance in the audit process in accordance with audit standards so that the audit results can be useful for the decision making of users of financial statements (Firstiyanendro & Utomo, 2021). Public accounting firms are often categorized by size. The largest offices are the "Big 4" public accounting firms: Deloitte, Ernst & Young, KPMG and Pricewaterhouse Coopers (Napisah & Lestari, 2020). In this research, the Reputation of Public Accounting Firms (KAP) was calculated by dummy variables, where companies

that use KAP services with big four affiliates are rated 1 and companies that use other KAP services are rated 0.

Research (Elvienne & Apriwenni, 2019) states that more trust in data audited by reputable auditors if the company has been audited by KAP affiliated with KAP Big Four which is considered to be of good quality. The reputation of an auditing company that conducts auditing of annual financial statements is based on whether the Public Accounting Firm is affiliated with the Big Four or not. The Big Four will tend to be faster at completing the audit work they receive compared to the Non Big Four. This is because public accounting firms included in the Big Four, can carry out their audits efficiently and have a more flexible time schedule in completing their audits so that it will better maintain, and maintain the reputation of KAP. Based on the description above, the hypothesis can be formulated as follows.

H4: The reputation of the Public Accounting Firm (KAP) negatively affects on audit delays

KAP's Reputation in Moderating Leverage's Influence On Audit Delay

According to (Elvienne & Apriwenni, 2019), companies with high leverage mean having high financial risk. The company will ask the auditor to conduct its audit longer than it should so that there is a non-time in the publication of the financial statements. Thus, the selection of KAP in partnership with The Big Four is done in order to audit more efficiently and effectively, and have higher flexibility in order to reduce non-compliance in the publication of financial statements. Based on the description above, the hypothesis can be formulated as follows.

H5: Reputation of Public Accounting Firm (KAP) able to moderate the influence of leverage on audit delay

KAP's Reputation in Moderating Profitability's Influences On Audit Delay

According to (Prabasari & Merkusiwati, 2017), companies that use the services of The Big Four have a tendency to be more trusted by investors because investors assume that large KAP services will be able to have good audit quality than small KAP. The effect of profitability on audit delay can be strengthened by using the well-known KAP services that tend to complete the audit time more quickly so that it will shorten the audit delay range. Based on the description above, the hypothesis can be formulated as follows.

H6: The reputation of public accounting firms (KAP) is able to moderate the influence of profitability on audit delays.

KAP's Reputation in Moderating Company Size's Influences On Audit Delay

According to (Prabasari & Merkusiwati, 2017), the larger the size of the company will tend to accelerate the process of preparing financial statements that make auditors have more time in auditing. The implications of the size of the company on audit delay will be further strengthened by KAP which has a good reputation for having flexible scheduling so that it will result in a short audit delay range. Based on the description above, the hypothesis can be formulated as follows.

H7: The reputation of the Public Accounting Firm (KAP) is able to moderate the influence of the company size on audit delays.

RESEARCH METHODS

Type of Research

This research uses literature research design with a quantitative approach. Quantitative approach can be interpreted as a research method based on the philosophy of positivism, used to examine a particular population or sample, data collection using research instruments, quantitative / statistical data analysis, with the aim to describe and test established hypotheses (Sugiyono, 2019).

Population and Sample

The population in this research is all Large Trading Companies registered with the IDX as of December 31, 2019, which is 47 population. Sampling technique is purposive sampling, which is sampling based on certain criteria, among others, companies that publish their financial statements in full and never experience a loss of 3 years during the research period. Based on the selection obtained 20 Companies that will be sampled, among others with the following issuer codes: AKRA, APII, CLPI, DPUM, DSSA, EPMT, FISH, INTD, JKON, KOBX, LTLS, MICE, MPMX, SDPC, TGKA, TIRA, TURI, UNTR, WAPO and WICO.

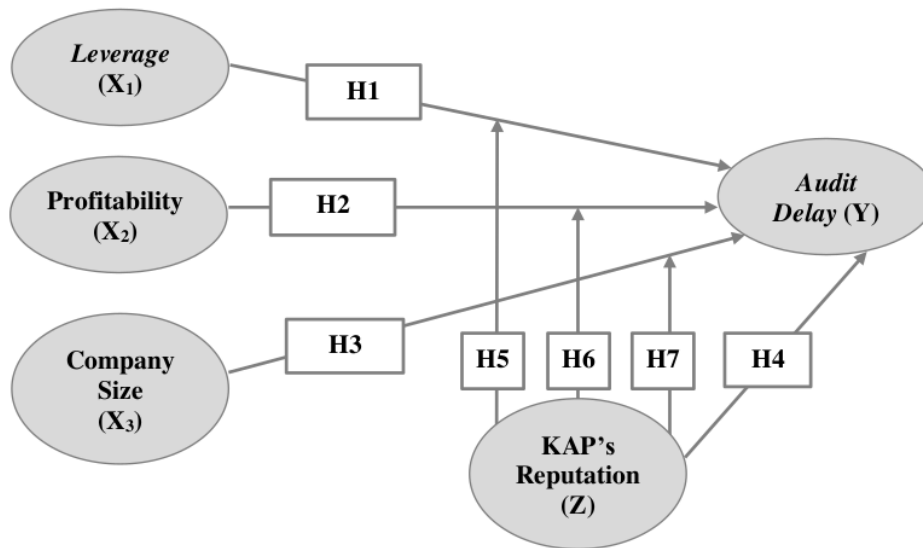


Figure 1. Research Model

Data Analysis Techniques

The data analysis techniques used in this research are:

Descriptive Statistical Analysis

Descriptive statistical analysis is used to provide an overview of leverage, profitability, company size, KAP's reputation and audit delay as seen from minimum value, maximum value, average value, and standard deviation.

Classic Assumption Test

Classical assumption tests are performed to assess whether in the Ordinary Least Square (OLS) linear regression model there are problems with classical assumptions. The tests used are normality, multicollinearity, autocorrelation and heteroscedasticity tests.

Multiple Linear Regression Analysis

Multiple linear regression analysis is conducted to find out whether independent variables include leverage, profitability, company size and KAP's reputation are influential or not against dependent variables, namely audit delay (Sugiyono, 2019).

The equations used are:

$$\text{Audit Delay} = \alpha + \beta_1 \text{LEV} + \beta_2 \text{PROF} + \beta_3 \text{SIZE} + \beta_4 \text{KAP}$$

Hypothesis Testing

1. Determination Coefficient Test (R Square)

The determination coefficient (R Square) test is used to measure how much leverage, profitability, company size and KAP's reputation in explaining audit delays (Ghozali, 2016).

2. Simultaneous Significance Test (Test F)

Simultaneous significance tests (F tests) are conducted to show whether leverage, profitability, company size and KAP's reputation simultaneously or together significantly affect audit delays (Ghozali, 2016). By using alpha of 5% then the testing criteria is if the sig value $< \alpha$, then simultaneously leverage, profitability, company size and KAP's reputation have a significant effect on audit delay, and apply the opposite.

3. Individual Significance Test (Test t) without Moderating Variables

Individual significance tests (t tests) are conducted to show whether leverage, profitability, company size and KAP's reputation partially or individually affect audit delays significantly (Ghozali, 2016). Using alpha of 5% or 0.05 then the testing criteria is if the sig value $< \alpha$, then partially leverage, profitability, company size and KAP's reputation have a significant effect on audit delay, and apply the opposite.

4. Individual Significance Test (Test t) with Moderating Variables

The individual significance test (t test) with moderating variables is done by the Moderated Regression Analysis (MRA) method, done by creating interaction variables obtained by multiplying the moderation variable that is KAP's Reputation by independent variables including leverage, profitability, and company size. After that, a t test is conducted again to show whether KAP's reputation is able to moderate the leverage, profitability and company size partially or individually against audit delay (Ghozali, 2016). By using alpha of 5% or 0.05 then the testing criteria is that if sig $< \alpha$, then partially KAP's reputation is able to moderate the influence of leverage, profitability and company size against audit delays, and applies the opposite.

RESULTS AND DISCUSSIONS

1. Descriptive Statistical Analysis

The results of descriptive statistical analysis in this research are shown in Table 1. Table 1 presents the results of descriptive statistical analysis of the variables analyzed, namely Leverage with DER proxy has a minimum value of 0.167, a maximum value of

5.962, an average value (mean) of 1.22513, and a standard deviation of 1.077705. Furthermore, Profitability with ROE proxy has a minimum value of -1.795, a maximum value of 0.570, a mean value of 0.06701, and a standard deviation of 0.217024. The Company Size variable with Ln (Sales) proxy has a minimum value of 25.181, a maximum value of 32.073, an average value (mean) of 28.86626 and a standard deviation of 1.871573. Furthermore, the KAP's Reputation variable has a minimum value of 0, a maximum value of 1, an average value (mean) of 0.47 and a standard deviation of 0.502. Then, the Audit Delay variable has a minimum value of 49, a maximum value of 154, an average value (mean) of 80.37, while a standard deviation value of 20,187.

¹⁰
Table 1. Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
LEV	100	,167	5,962	1,22513	1,077705
PROF	100	-1,795	,570	,06701	,217024
SIZE	100	25,181	32,073	28,86626	1,871573
KAP	100	0	1	,47	,502
AUDIT DELAY	100	49	154	80,37	20,187
Valid N (listwise)	100				

Source: Secondary data processed (2021).

2. Classic Assumption Test

a) Normality Test

The research used a normality test with the Kolmogorov-Smirnov method based on a significance level of 5% or 0.05. If the test results show a significance level greater than 0.05, then the research data is distributed normally or vice versa (Ghozali, 2016). Based on the results of the data process using SPSS version 21, the results of the Kolmogorov-Smirnov test in this research were shown in Table 2 with a significance value result on the Asymp Sig. (2-tailed) of 0.093 or greater than 0.05, so the results prove that the research data is normal distribution.

²
Table 2. Normality Test Results with Kolmogorov-Smirnov Method

		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	19,09001327
Most Extreme Differences	Absolute	,124
	Positive	,124
	Negative	-,047
Kolmogorov-Smirnov Z		1,240

b) Multicollinearity Test

The research used multicollinearity tests based on Tolerance (TOL) and Variance Inflation Factor (VIF) values from each free variable. If the TOLL value is greater than 0.1 and THE VIF is smaller than 10, then the model is declared to have no symptoms of multicollinearity (Ghozali, 2016). Based on the results of data processing using SPSS version 21, the results of the multicollinearity test in this research shown in Table 3 with the results of TOL values of all free variables greater than 0.10 and VIF values smaller than 10, so the results prove that there are no symptoms of multicollinearity in this research data.

Table 3. Multicollinearity Test Results Based on TOL and VIF values

Model		Collinearity Statistics	
		Tolerance	VIF
	(Constant)		
1	LEV	,993	1,007
	PROF	,854	1,171
	SIZE	,778	1,285
	KAP	,805	1,242

Source: Secondary data processed (2021).

c) Autocorrelation Test

A proper regression model is a regression model that is free of autocorrelation. The research used an autocorrelation test with Durbin Watson's method, with criteria in Table 4.

Table 4. Autocorrelation Test Criteria

Null hypothesis	Decision	Criteria
There is no positive autocorrelation.	Reject	$0 < d < dl$
There is no positive autocorrelation.	Without conclusion	$dl \leq d \leq du$
There is no negative correlation.	Reject	$4 - dl < d < 4$
There is no negative correlation.	Without conclusion	$4 - du \leq d \leq 4 - dl$
There is no positive or negative autocorrelation.	Not rejected	$du < d < 4 - du$

Source: (Ghozali, 2016)

Based on the results of data processing using SPSS version 21, the results of the autocorrelation test in this research were shown in Table 5 with a durbin watson score of 1,660. The values dl and du obtained from Durbin Watson's table are dl values of 1.5922 and du values of 1.7582. Durbin Watson's values were between dl and du, $dl < d$

$1.5922 < 1.660 < 1.7582$, so the results showed that the data in the research did not have a positive autocorrelation with the decision without conclusion.

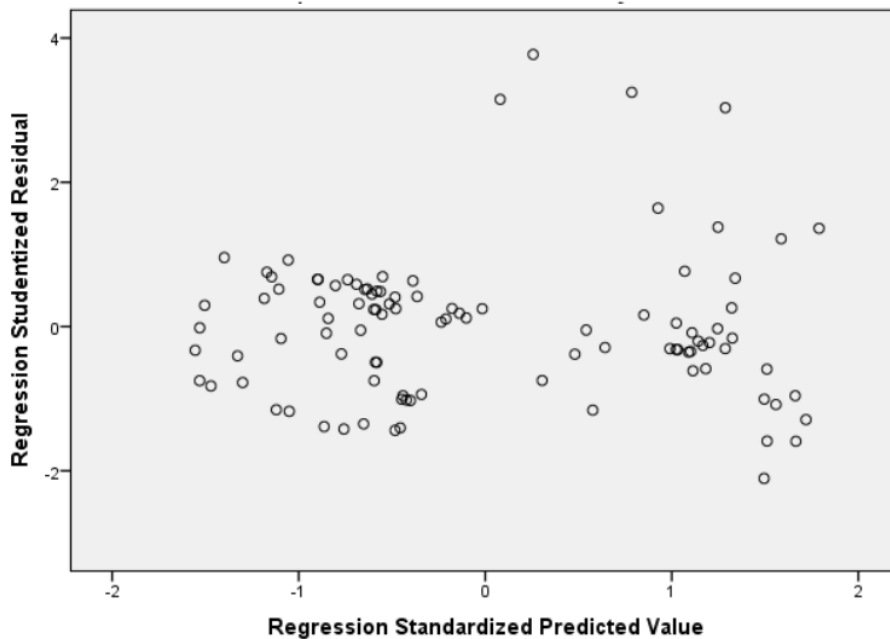
Table 5. Autocorrelation Test Results with Durbin Watson Method

Model	Durbin-Watson
1	1,660

Source: (Ghozali, 2016)

d) Heteroscedasticity Test

In this research, the heteroscedasticity test was conducted using graph analysis. If the scatterplot spreads randomly both above and below the number 0 on the Y axis, it can be interpreted that there is no problem of heteroscedasticity in the regression model formed. The right regression model is a regression model that is free from the problem of heteroscedasticity (Ghozali, 2016). Based on the results of data processing using SPSS version 21, the results of the heteroscedasticity test in this research shown in Figure 2 with scatterplot results spread randomly both above and below the number 0 on the Y axis, it can be interpreted that there is no problem of heteroscedasticity in the regression model formed.



Source: Secondary data processed (2021).

Figure 2. Heteroscedasticity Test Results with Graph Methods

3. Multiple Linear Regression Analysis

The results of the multiple linear regression analysis in this research were shown in Table 6, with the results showing that leverage and company size negatively affect audit delay while profitability and KAP's reputation have a positive effect on audit delay. The results of multiple linear regression equations are:

$$\text{Audit Delay} = 183,716 - 1,923 \text{ Lev} + 0.767 \text{ Prof} - 3,524 \text{ Size} + 1,462 \text{ KAP}$$

The multiple linear regression equations above can be interpreted as follows:

- Constant value of 183,716 which can be interpreted if leverage, profitability, company size and KAP's reputation are assumed to be equal to 0 (zero), then the audit delay is worth a constant of 183,716.
- $\beta_1 = -1,923$ which means that any increase of 1 unit of leverage will cause the audit delay to decrease by 1,923 units assuming other independent variables are considered constant.
- $\beta_2 = 0.767$ which means that any increase of 1 unit of profitability will cause the audit delay to increase by 0.767 units assuming other independent variables are considered constant.
- $\beta_3 = -3,524$ means that any increase of 1 unit of company size will cause audit delays to decrease by 3,524 units assuming other independent variables are considered constant.
- $\beta_4 = 1,462$ which means that any increase of 1 unit of KAP's reputation will cause audit delay to increase by 1,462 units assuming other independent variables are considered constant.

Table 6. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	
	B	Std. Error	Beta	
	(Constant)	183,716	33,613	
1	LEV	-1,923	1,823	-,103
	PROF	,767	9,766	,008
	SIZE	-3,524	1,186	-,327
	KAP	1,462	4,351	,036

Source: Secondary data processed (2021).

4. Hypothesis Testing

a) Determination Coefficient Test (R Square)

The determination coefficient (R Square) test is used to measure how much leverage, profitability, company size and KAP's reputation in explaining audit delays (Ghozali, 2016). Based on the results of the data in Table 7 obtained the coefficient of determination (R Square) of 0.106. The results can be interpreted that leverage, profitability, company size and KAP's reputation were able to explain the audit delay of 10.6%, while the remaining 89.4% was explained by other factors not studied in the research.

Table 7. Determination Coefficient Test Results (R Square)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,325 ^a	,106	,068	19,488

Source: Secondary data processed (2021).

b) Simultaneous Significance Test (F Test)

Based on the results of the data in Table 8 obtained a significance value smaller than 0.05 which is 0.030. Thus it can be interpreted that simultaneously leverage, profitability, company size and KAP's reputation have a significant effect on audit delay.

Table 8. Simultaneous Significance Test Results (F Test)

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	4264,878	4	1066,219	2,808	,030 ^b
1	Residual	36078,432	95	379,773		
	Total	40343,310	99			

Source: Secondary data processed (2021).

c) Individual Significance Test (t Test) without Moderating Variables

Based on the results of the data in Table 9 obtained a value of significance for each independent variable, namely:

- The leverage variable has a regression coefficient value (β_1) of -1,923 which means that leverage has a negative effect on audit delay. Where the value of the significance of the test t on the leverage variable is 0.294 where the value is greater than the value of the α which is 0.05. The results showed that leverage had a negative and insignificant effect on audit delays, so the first hypothesis was rejected. The results of this research indicate that if the leverage ratio is higher, it will have a direct impact on the onset of greater risk of loss if it is not balanced with the company's own capital capabilities that are used as collateral to pay debts.

However, if the proportion of debt can be offset by the company's own capital, then financial risk can be minimized. Regardless of the company's financial condition, it still makes auditors cautious of audited financial statements. The situation does not make the management tend to take the decision to delay the submission of financial statements. Furthermore, this does not affect the need for a longer time by the auditor in conducting audit work, so that the audit delay does not increase or it can be said that the company remains on time in the process of submitting financial statements. The results of this research are not in line with previous research conducted by (Siahaan & Andayani, 2021), which states that leverage has a positive effect on audit delay, meaning that the more debt received by the company, the longer the audit delay.

- Profitability variables have a regression coefficient value (β_2) of 0.767 which means profitability has a positive effect on audit delay. Where the value of the significance of the test t on the profitability variable is 0.938 where the value is greater than the value of the α which is 0.05. The results showed that profitability had a positive and insignificant effect on audit delays. This means that the second hypothesis is rejected. The results of this research indicate that if the profitability ratio is higher, then audit delays also increase. That is, companies with high profit-generating capabilities are also a consideration for auditors in auditing the company's financial statements. This can make the auditor further increase caution in examining the company's financial statements, whether the profit presented in the company's financial statements is the actual profit value or whether there are other elements, such as taking a bath, income smoothing, maximization or minimization of income that can be done by management by utilizing opportunities in accounting standards such as the implementation of accounting policies or selection accounting methods used. The results of this research are inconsistent with previous research conducted by (Siahaan & Andayani, 2021), which states that profitability negatively affects audit delays. That is, if the level of profitability owned by a company is higher, then the time needed by the company to conduct its audit will be shorter. Conversely, if the profitability of a company is low, then the auditor in the implementation of the audit process will be more careful, so it takes longer.

- The company size variable has a regression coefficient (β_3) value of -3,524 which means that the size of the company has a negative effect on audit delay. Where the value of the significance of the test t on the company size variable is 0.004 where the value is smaller than the value of the α which is 0.05. The results showed that the size of the company had a negative and significant effect on audit delays. Thus the third hypothesis is accepted. Based on these results, showing that large companies will complete the audit process faster than small companies, this is due to several factors, namely large-scale company management tends to be given incentives to reduce audit delays because the company is closely monitored by investors, capital supervisors, and the government. Companies with large sales and strong internal control are good news for the company. This is related to the signal theory, that the company will tend to report its financial statements faster if the company has good news. The results of this research are in line with previous research conducted by ((Prabasari & Merkusiwati, 2017), which states that the size of the company has negative implications on audit delay, meaning that large companies will be faster in completing financial statements so that the audit delay range will be shorter. Large companies tend to have more and more sophisticated information systems, resources, and have accounting staff so that they will be able to present financial statements in a shorter time.
- KAP's reputation variable has a regression coefficient value (β_4) of 1.462 which means KAP's reputation has a positive effect on audit delay. Where the value of test significance t on the KAP's reputation variable is 0.738 where the value is greater than the value of the α which is 0.05. The results showed that KAP's reputation had a positive and insignificant effect on audit delays. Thus the fourth hypothesis is rejected. The results of this research indicate that the better KAP's reputation, the KAP does not necessarily provide guarantees to the quality of audits conducted with one of them is punctuality in delivering the company's financial statements. The results of this research are not in line with previous research conducted by (Elviene & Apriwenni, 2019), with the results of the reputation of public accounting firms having a negative and insignificant influence on audit delays. The larger KAP, the more resources have, more expert auditors and

sophisticated information systems and have a good audit work system so that the faster the completion of financial statements.

Table 9. Individual Significance Test Results (t Test) without Moderating Variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
	(Constant)	183,716	33,613			
1	LEV	-1,923	1,823	-,103	-1,055	,294
	PROF	,767	9,766	,008	,079	,938
	SIZE	-3,524	1,186	-,327	-2,971	,004
	KAP	1,462	4,351	,036	,336	,738

Source: Secondary data processed (2021).

d) Individual Significance Test (Test t) with Moderating Variables

Based on the results of the data in Table 10 obtained a value of significance for each interaction variable, namely:

- Leverage interaction variable with KAP's Reputation has a regression coefficient (β_5) value of 14,986 and a test significance value of t of 0.000 where the value is less than the α value of 0.05. The results showed that KAP's reputation was able to moderate the influence of leverage on audit delays. The regression coefficient of leverage variable interaction and KAP's reputation has a positive value, it shows that KAP's reputation strengthens the leverage influence on audit delay. Thus, the fifth hypothesis is accepted. This indicates that a company with high leverage means having high financial risk. Thus, the selection of KAP in partnership with The Big Four is done in order to audit more efficiently and effectively, and have higher flexibility in order to reduce non-compliance in the publication of financial statements. The results of this research are not in line with the results of previous research conducted by (Elvienne & Apriwenni, 2019), which states that KAP'S reputation has no significant effect in weakening the relationship between solvency and audit delay.
- The profitability interaction variable with kap reputation has a regression coefficient value (β_6) of -35.609 and a test significance value of t of 0.206 where the value is greater than the α value of 0.05. The results showed that KAP's reputation was unable to moderate the effect of profitability on audit delays. This means that the sixth hypothesis is rejected. The results of this research indicate that

KAP affiliated with the Big Four and non Big Four have the same quality. The auditor appointed by KAP must have provided the appropriate time to complete the auditing process of the company's profitability and always strive to maintain its reputation in the eyes of the client in completing the audit process on time. The results of this research are not in line with the results of previous research conducted by (Prabasari & Merkusiwati, 2017), which states that KAP's reputation strengthens the influence of profitability on audit delays, meaning KAP's reputation which is getting better will have an impact on the profitability of the company and auditors will be faster and more timely to complete financial statements and shorten the audit delay range.

- The company size interaction variable with KAP's reputation has a regression coefficient (β) value of -4,384 and a test significance value of t of 0.066 where the value is greater than the α value of 0.05. The results showed that KAP's reputation was unable to moderate the influence of the company's size on audit delays, so the seventh hypothesis was rejected. This indicates that KAP affiliated with the Big Four and non Big Four has the same quality, which has provided time in accordance with the needs of the period of time to complete the company's sales auditing process and always strives to keep its reputation in the eyes of clients in completing the audit process on time. The results of this research are not in line with the results of previous research conducted by ((Prabasari & Merkusiwati, 2017), which states that KAP's reputation strengthens the influence of company size on audit delay.

Table 10. Individual Significance Test Results (Test t) with Moderating Variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	167,308	38,459		4,350	,000
	LEV	-5,777	2,004	-,308	-2,883	,005
	PROF	5,337	9,666	,057	,552	,582
	SIZE	-2,767	1,349	-,257	-2,051	,043
	KAP	116,692	68,188	2,900	1,711	,090
	LEV_KAP	14,986	3,786	,608	3,958	,000
	PROF_KAP	-35,609	27,979	-,170	-1,273	,206
	SIZE_KAP	-4,384	2,360	-3,239	-1,858	,066

Source: Secondary data processed (2021).

2 CONCLUSIONS AND RECOMMENDATIONS

Based on the description of the results of research and discussion, the results of this research concluded that partially leverage negatively and insignificantly affected audit delay, profitability and reputation of public accounting firms positively and insignificantly on audit delay, while the company size had a negative and significant effect on audit delay. Furthermore, the reputation of public accounting firms is able to mediate the influence of leverage on audit delay but is unable to mediate the influence of company size and profitability on audit delay.

From the results of this research, it is advisable for companies to always pay attention to punctuality in the delivery of financial statements. If the financial statements are submitted on time, i.e. no more than 4 (four) months or 120 days from the expiration of the book closing date then the audit delay can be reduced. The company is also expected to pay more attention to the factors that affect audit delay, because audit delay is one of the important aspects for a company as a consideration in decision making so that interested parties do not wait too long. Furthermore, related to the number of companies that are late and do not comply with regulations in the submission of financial statements to the public, so a firm stance from Bapepam-LK as an institution that oversees the capital market is needed. Improvements in regulations and sanctions need to be made so that each company is more disciplined in the delivery of financial statements so as not to harm various interested parties.

With respect to the limited time and effort of the author, the research is still unable to reveal all the variables that can affect the audit delay, so that the researcher is further advised to use other variables that can affect the audit delay. Future research may use other analytical methods or techniques to deepen the analysis, as well as compare it with the methods already used in this research. In addition, future research is also expected to extend the research period and conduct testing in other groups of companies in order to obtain better and accurate results.

ACKNOWLEDGMENT

The research team thanked, either to the research funder, the support of the facility, or the help of manuscript reviews. The researcher thanked the Ministry of Ristekdikti who had financed this research from start to finish and to LPPM's Sekolah Tinggi Ilmu Ekonomi Sultan Agung who had facilitated the team in conducting

research. This research is the result of a Beginner Lecturer Research grant that is fully financed by the Ministry of Ristekdikti.

REFERENCES

ORIGINALITY REPORT

22%

SIMILARITY INDEX

24%

INTERNET SOURCES

22%

PUBLICATIONS

11%

STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to Universitas Jenderal Soedirman Student Paper	2%
2	isclo.telkomuniversity.ac.id Internet Source	2%
3	e-journal.unmas.ac.id Internet Source	2%
4	Iskandar Muda, Karina Valisia Davis, Erlina Erlina, Azizul Kholis, Gusnardi Gusnardi. "Audit Lag Criteria Report as a Determination of the Reliability and Quality of Auditor's Report in Indonesia", Research in World Economy, 2020 Publication	2%
5	jurnal.stie-aas.ac.id Internet Source	1%
6	ejournal.umm.ac.id Internet Source	1%
7	journal.trunojoyo.ac.id Internet Source	1%
8	rjoas.com Internet Source	

1 %

9

eprints.mdp.ac.id

Internet Source

1 %

10

www.ajhssr.com

Internet Source

1 %

11

"The Effect of Company Size, Liquidity, Profitability, Solvability, And Audit Firm Size on Audit Delay", International Journal of Recent Technology and Engineering, 2019

Publication

1 %

12

Nur Hoirul Fayyum, Hertanto ., Siti Hamidah Rustiana. "The Effect of Audit Tenure, Company Age, and Company Size on Audit Report Lag with Manufacturing Industrial Specialization Auditors As ModerationVariables (Empirical Study on Manufacturing Companies Listed on the Indonesia Stock Exchange)", KnE Social Sciences, 2019

Publication

1 %

13

eprints.uny.ac.id

Internet Source

1 %

14

ijisrt.com

Internet Source

1 %

15	"Determinant Factors Audit Delay: Evidence from Indonesia", International Journal of Recent Technology and Engineering, 2020 Publication	1 %
16	www.ijitee.org Internet Source	1 %
17	Lilik Shofiyah, Ani Wilujeng Suryani. "Audit Report Lag and Its Determinants", KnE Social Sciences, 2020 Publication	1 %
18	Submitted to Universitas Diponegoro Student Paper	1 %
19	ojs.unm.ac.id Internet Source	1 %
20	Submitted to School of Business and Management ITB Student Paper	1 %
21	wisuda.unissula.ac.id Internet Source	1 %
22	www.trijurnal.lemlit.trisakti.ac.id Internet Source	1 %
23	e-journal.uajy.ac.id Internet Source	1 %

Exclude quotes Off

Exclude bibliography Off

Exclude matches < 1%