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Analysis the Effect of Total Assets Profitability and Leverage on Audit Delay (Study on Companies Listed on Indonesia Stock Exchange From 2018-2020)

Angeline Han
Department of Accounting, Narotama University,
Jl Arif Rahman Hakim No 51, 60117, Surabaya, Indonesia
angeline22han@gmail.com

Abstrak

One of financial statement characteristic is puncuality. Information from financial statements that have been not reported on time can cause the value of the information to be reduced in decision making as a basis for determining future actions. Timeliness of the submission of financial statements is very important for companies and users of financial statements, the timeliness of companies in submitting financial statements also depends on the timeliness of auditors in completing their audit work. The long audit process from the deadline for submitting financial statements is called audit delay. This study aims to analyze the effect of total assets, profitability, and leverage on audit delay. The study was conducted on 58 companies listed on the Indonesia Stock Exchange from 2018-2020 and the data were taken form of annual financial reports published by each company. This study uses quantitative methods and the data analysis technique used is multiple linear regression analysis. The results of this study indicate that total assets and leverage have an effect on audit delay, while profitability has no effect on audit delay. And, simultaneously total assets, profitability and leverage have an effect on audit delay.

Key Words :
Audit Delay, Leverage, Profitability, Total Assets

1. Introduction

According to PSAK (2015:1), "Financial statements are a structured presentation of the financial position and financial performance of an entity". This report displays the history of the entity quantified in monetary value. The objective of financial statements is to provide information about the financial position, financial performance, and cash flows of an entity that is useful to most users of financial statements in making economic decisions. Information from financial statements can be said to be relevant if the financial statements are reported on time. Delaying to report the financial statement can decrease the value of the financial statemen. The punctuality of submitting financial statements is so important for companies and users of financial statements, the timeliness of companies in submitting financial statements also depends on the timeliness of the auditor in completing his audit work or what is often known as audit delay. There are several factors that may affect audit delay. in a company, which include total assets, profitability, and leverage.

1.1. Research Purpose

1. To analyze the effect of total assets on audit delay of companies listed on the Indonesia Stock Exchange from 2018-2020.
2. To analyze the effect of profitability on audit delay of companies listed on the Indonesia Stock Exchange from 2018-2020.
3. To analyze the effect of leverage on audit delay of companies listed on the Indonesia Stock Exchange from 2018-2020.
4. To analyze the simultaneous effect of total assets, profitability, and leverage on audit delay of companies listed on the Indonesia Stock Exchange from 2018-2020.

1.2. Literature Review

1.2.1. Agency Theory

Agency theory (agency theory) was first coined by Jensen and Meckling in 1976, they said "Agency relationship as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent.". In this case, indirectly is a contract where the investor, namely the principal, orders the agent or management to perform a service on behalf of the investor. The auditor has a role as a bridge between the agent

and the principal. Where the agent has a duty to increase the profits so that the principal satisfied with their performance. But the fact is that many agents do not show actual or the real profits in a financial report that shows their performance in one period. Therefore, therein lies the independent auditor to mediate the relationship between the agent and the principal so that there is no misinformation and conflict of interest that results in information risk for the principal.

1.2.2. Financial Statements

Financial Statements are the result of the accounting process. Accounting is a process that includes recording, classifying, summarizing, reporting, analyzing financial data from an entity. Recording and classifying activities are processes that are carried out routinely and repeatedly every time a financial transaction occurs. While reporting and analysis activities are usually only carried out at certain times (Jusup, 2011). PSAK (2017) states that the purpose of financial statements is to provide information regarding the financial position, performance, and changes in financial position of a company that is useful for users in making economic decisions.

1.2.3. Audit

According to the Report of the Committee on Basic Auditing Concepts of the American Accounting Association, auditing is a systematic process of obtaining and objectively evaluating evidence regarding assertions about economic activities and events, with the aim of determining the degree of correspondence between these assertions and established criteria. beforehand, then communicate the results to the interested parties. The auditor's task is to determine whether the representation (assertion) is truly reasonable, meaning to support or refute the assertion to ensure the degree of relevance between the assertion and the established criteria.

1.2.4. Audit Delay

Audit delay based on Muchran (2016), "Audit report lag is often called audit delay in some studies and is defined as the time difference between the end of the fiscal year and the publication date of KAP or in other words, the period of time required to issue an audit report". For this study, audit delay is measured based on the date of the company's closing year, which is December 31, with the date listed in the independent auditor's report. The turnaround time is measured in days. The number of days is calculated from the closing date of the company's financial statements to the date of the release of the audited financial statements.

1.2.5. Total Aset

According to Pratama & Wiksuana (2016) : "The size of the company is a total reflection of the assets owned by the company". The definition of total assets is the total of all assets owned by companies or financial institutions that are used to support the operations of these companies and financial institutions, total assets are measured by looking at the total number of company assets. Total assets are used as a calculation of the size of the company. Total assets are the sum of tangible assets such as current assets and fixed assets in one year.

1.2.6. Profitability

According to Kasmir (2017:196)defines the Profitability Ratio as follows: "Profitability Ratio is a ratio to assess the company's ability to seek profit." There are several types of profitability ratios that can be used to assess and measure the company's financial position in a certain period or for several periods. Return On Assets (ROA) is also known as ROI (Return On Investment).

1.2.7. Leverage

According to Hery (2016:295) said that: "Leverage ratio is a ratio used to measure the extent to which company assets are financed with debt". The leverage ratio used in this study is the Debt to Equity Ratio (DER).

1.2.8. Frame of Mind

1. The Effect of Total Assets on Audit Delay

Total Assets is one of the factors to measure the size of a company's size, the size of the company can be seen from how many assets the company has with a comparison of the debts or liabilities it has. Companies that have large total assets will have an impact on the timeliness in presenting financial statements and their audit reports.

2. The Effect of Profitabilitas on Audit Delay

Profitability or also called the company's ability to earn a profit is a measure in percentage used to assess the extent to which the company can generate profits at the level that the company's ability to earn profits through all existing capabilities and sources within the company. The results of research by Prahesti et al. (2018) stated that profitability has a negative effect on audit delay because every investor certainly has a desire to invest in companies that have a high level of profitability, with the hope that companies that have high profitability ratios will produce high returns as well.

3. The Effect of Leverage on Audit Delay

Leverage Ratio measures the company's ability to pay off all of its obligations. Both short-term and long-term liabilities. If the company is dissolved or liquidated, companies that have a high leverage ratio have a greater risk of loss than companies that have a low leverage ratio. Thus, the higher the ratio of total debt to assets, the longer the time span required to complete the annual financial statement audit.

4. Effect of Total Assets, Profitability and Solvency on Audit Delay

Research conducted by Yanasari et al. (2021) states that together the variables of profitability, leverage and firm size affect audit delay. This result is in line with the results of research by Alfiani & Nurmala (2020), which shows that simultaneously firm size, profitability, and leverage have a simultaneous effect on audit delay.

2. Method

The data used in this study is quantitative data in the form of company financial statements published annually by the Indonesia Stock Exchange for the 2018-2020 period. Based on the source, the data used in this study is secondary data in the form of annual financial reports obtained through the www.idx.co.id page. The technique used in this study is purposive sampling and obtained 58 samples of companies listed on the Indonesia Stock Exchange in 2018-2020.

The independent variables used in this study are:

1. Total Assets, measured with:
   Total Aset = LN (Total Aset)
2. Profitability, measured with:
   $$\text{ROA} = \frac{\text{Net Income After Tax}}{\text{Total Assets}} \text{ x } 100\%$$
3. Leverage, measured with:
   $$\text{DER} = \frac{\text{Total Liability}}{\text{Total Equity}}$$

The dependent variable in this study is Audit Delay. The time span for the completion of the audit in this study is calculated from the closing date of the financial statements to the date listed in the independent auditor's report, the formula used in this study to measure audit delay is as follows:

Audit Delay = Audit Report Date – Financial Statement Book Closing Date

1. Descriptive Statistical Analysis

Ghozali (2018:19) defines, "descriptive statistics provide a description or description of a data seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness (distribution skewness)". Descriptive tests are conducted to provide an overview or description of an information, so that the information can be understood more easily.

2. Multiple Linear Regression Analysis

Multiple linear regression analysis is a regression model that involves two or more independent variables. This study has three variables consisting of total assets, profitability, and leverage. This test was conducted to measure the strength of the relationship between two or more variables and to show the direction of the relationship between the independent variable and the dependent variable to determine how much influence the independent variable (X) has on the dependent variable. (Y) either partially or simultaneously. The multiple linear regression equation formula used is as follows:

Y = a + b1X1 + b2X2 + b3X3 + e

Information:

Y = Audit Delay

a = Constanta Value

b1= Total Assets Regression Coefficient

b2= Profitability Regression Coefficient

b3= Leverage Regression Coefficient

X1 = Total Aset
X2 = Profitability
X3 = Solvability
e = error term

3.1. Classic Assumption Test

3.1.1. Normality Test

Normality test aims to determine whether or not a data distribution is normal. In this study, normality testing can be done by looking at the standard P-P plot of regression graph, in a probability plot, a normal distribution can be seen if the data (dots) that spread are around the diagonal line or not away from the diagonal line.

3.1.2. Multicollinearity Test

According to Ghozali (2016:103) the multicollinearity test aims to test whether the regression model found a correlation between the independent (independent) variables. A good regression model should not have multicollinearity. Furthermore, it is explained that the detection of multicollinearity can be seen from the amount of Variance Inflation Factor (VIF) and tolerance, with the following conditions: (1) If the tolerance value is < 0.1 and VIF > 10, multicollinearity occurs, (2) If the tolerance value is > 0 ,1 and VIF <10, there is no multicollinearity.

3.1.3. Autocorrelation Test

Autocorrelation Test According to Ghozali (2018:111) aims to test in a linear regression model there is a correlation between the confounding error in period t and the error in period t-1 (previous). If there is a correlation, it is called an autocorrelation problem.

The autocorrelation test can be performed using the Durbin-Watson test, the Langrage Multiplier (LM) test, the Q statistic test, and the Run Test. In general, the autocorrelation test that is often used by researchers is the Durbin-Watson test (Wijaya, 2013). One decision whether there is autocorrelation Sarjono & Julianita (2011:84) is if the DW value is between dU to 4-dU, the correlation coefficient is zero. That is, there is no autocorrelation.

3.1.4. Heteroscedasticity Test

According to Ghozali (2018:137), the heteroscedasticity test aims to test the variance inequality from one observation residual to another in the regression model. If the variance of the residual from one observation to another observation remains, it is called Homoscedasticity and if it is different, it is called Heteroscedasticity. A good regression model is that there is homoscedasticity in the model, in other words there is no heteroscedasticity. There are many ways to detect the presence or absence of heteroscedasticity, namely by looking at the scatterplot and through/using the glacier test, park test, and white test. The heteroscedasticity test used in this study is the scatterplot test.

3.2. Hypothesis Test

3.2.1. t Test

The t-statistical test basically shows how far the influence of one explanatory/independent variable individually in explaining the dependent variable (Ghozali, 2016:97). The decision-making criteria are: (1) If the significance value is > 0.05 then the hypothesis is rejected (regression coefficient is not significant), (2) If the significance value is 0.05 then the hypothesis is accepted (significant regression coefficient).

3.2.2. F Test

The f test is calculated to test the regression model for the effect of all independent variables simultaneously on the dependent variable. The f test is a model feasibility test that must be carried out in linear regression analysis. The f test is used to test the accuracy of the model that has been formed, whether the predicted value is able to describe the actual conditions. If the significant value is less than 0.05 then the independent variable can be used to predict the dependent variable.

4. Result And Discusssion

Table 1. equation for multiple linear regression analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standarized Coefficients	t	Sig.	Collinearity	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.090	.435		7.103	.000		
	Total asset	-.032	.015	-.248	-2.100	.041	.987	1.014
	Profitability	-.136	.113	-.148	-1.201	.235	.905	1.105
	Leverage	-.030	.009	-.389	-3.180	.002	.914	1.094

a. Dependent Variable : Audit Delay

Based on the table above, the equation for multiple linear regression analysis is obtained as follows
Y = 3,090 – 0,032X1 - 0,136X2 – 0,030X3

The explanation of the equation is as follows:

1. Constant (α) = 3.090. If the independent variable, namely the Total Assets, Profitability and Leverage variables, the value is 0, then there will be an influence on the dependent variable, namely the Audit Delay of 3.090.
2. Total Assets regression coefficient is -0.032. The coefficient that has a negative direction means that there is a non-unidirectional relationship between Total Assets and Audit Delay.
3. Profitability regression coefficient is -0.136. The coefficient that has a negative direction means that there is a unidirectional relationship between Profitability and Audit Delay.
4. Leverage regression coefficient of -0.030. A coefficient that has a negative direction means that there is a unidirectional relationship between Leverage and Audit Delay.

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4.1. Partial Coefficient (t-test)

The t-test basically shows how far the influence of an individual independent variable in explaining the variation of the dependent variable is. The test was carried out with α significant level of = 5%.

Table 2. t-test Result

Independent Variable	Significance Result	Research Result
Total Assets	0,041	Influential with a 5%
Profitability	0,235	No effect
Solvitability	0,002	Influential with a 5%

4.2. Test Coefficient F

The F test basically shows how far the influence of an independent variable together in explaining the variation of the dependent variable. The regression model is considered good, if the significant level of the F value (ANOVA) is less than 5%.

Table 3. Test Coefficient F

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.703	3	.234	6.984	.000[b]
	Residual	1.745	52	.034		
	Total	2.448	55			

a. Dependent Variable : Audit Delay
b. Predictors : (Constant), Leverage, Total Assets, Profitablity

From the table above, it can be concluded that the significance level is < 0.05 (0.000 < 0.05). This means that in the F test together, the independent variables, namely Total Assets, Profitability and Leverage have an effect on the dependent variable, namely Audit Delay.

1. Total Assets Affects Audit Delay

The results of this study can be shown that Total Assets Influence on Audit Delay, with a confidence level of a = 5%, this indicates that the value of a is greater than the value of t-sign (0.05 > 0.041). So that the first hypothesis is accepted, because the greater the total assets in the company, the decrease in audit delay is because companies that have large scales tend to be faster in reporting financial statements in companies than companies that have small scales. Companies that have a large scale have more various sources of information and are able to recruit employees who are tailored to their respective skills so that their staff are more reliable to do their work professionally and have an impact on completing work faster and in an organized manner because they also get pressure from managers and external pressures. Auditors can finally carry out their duties faster so that companies can publish audited financial statements in a timely manner, and large companies have more sophisticated information systems, and have a strong internal control system. So that it will be faster in the completion of its financial statements to maintain the image or image of the company in the eyes of the public.

2. Profitability Has No Effect on Audit Delay

The results of this study can be shown that profitability has no effect on audit delay, with a confidence level of a = 5%, this indicates that a value is smaller than the t-sign value (0.05 < 0.235). So the second hypothesis is rejected. Due to the company's ability to obtain low or high profitability, it has no effect on the submission period of audited financial statements. In addition, the demands of the interested parties are not so great that they do not spur the company to communicate the audited financial statements quickly.

3. Leverage Affects Audit Delay

The results of this study can be shown that Leverage Affects Audit Delay, with a confidence level of a = 5%, this indicates that the value of a is greater than the value of t-sign (0.05 > 0.002). So that the third hypothesis is accepted, because leverage reflects the company's ability to pay all its obligations, both in the form of short-term debt and long-term debt. A company is said to be solvable if a company has sufficient assets or wealth to pay all debts. When the company has a high level of leverage, the audit delay carried out by the auditor is indicated to be longer. Auditing debt accounts will take a long time because they have to find the source of the cause of the high proportion of debt owned by the company and it takes a lot of time to confirm the parties (debtholders) related to the company.

4. Total Assets, Profitability and Leverage Simultaneously Affect the Audit Delay.

The results of this study can be shown that Total Assets, Profitability and Leverage have Simultaneous Effect on Audit Delay, with a confidence level of a = 5%, this indicates that the value of a is greater than the value of t-sign (0.05 > 0.000). So that the fourth hypothesis is accepted, this study is in accordance with research conducted by Yanasari, et al (2021) which states that together the variables of profitability, leverage, and firm size affect audit delay.

5. Conclusion

5.1. Conclusion

1. Total Assets Affecting Audit Delay, with a confidence level of a = 5%, this shows that the value of a is greater than the value of t-sign (0.05 > 0.041). So the first hypothesis is accepted.
2. Profitability has no effect on audit delay, with a confidence level of a = 5%, this shows that a value is smaller than the t-sign value (0.05 < 0.235). So the second hypothesis is rejected.
3. Leverage Affects Audit Delay, with a confidence level of a = 5%, this shows that the value of a is greater than the value of t-sign (0.05 > 0.002). So the third hypothesis is accepted.
4. Total Assets, Profitability and Leverage have Simultaneous Effect on Audit Delay, with a confidence level of a = 5%, this shows that the value of a is greater than the value of t-sign (0.05 > 0.000).

5.2. Limitations

1. The study only uses one dependent variable, namely Audit Delay, and uses 3 independent variables, namely Total Assets, Profitability and Leverage.
2. This study did not use it until 2021 because many sample companies had not yet published their annual reports when the researchers tabulated the data, so the sample used was only limited to companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020.

5.3. Suggestion

Based on the conclusions and limitations obtained, the suggestions that can be given by researchers are as follows:

1. For Further Research : Subsequent research should not only consider total assets, profitability and leverage but also use other information that is not used in this study which could affect audit delay. And expand the research sample by making each sector of the company on the Indonesia Stock Exchange.
2. For Sample Companies : In order to pay more attention to the presentation in the financial statements in order to create the effectiveness and efficiency of making a financial report until the publication of a financial report to reduce audit delay.
   2.

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