Proceeding of 4th International Conference on Research and Development (ICORAD)
Vol. 3 No. 2 (2024)
Page : 295-299
ISSN:2828-4925
DOI: 10.47841/icorad.v3i2.240

Unveiling The Drivers of Audit Delay: Auditor Opinion, Leverage, Firm Size, and Audit Tenure

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Received: December,2, 2024 | Revised: December,18, 2024 | Accepted: December,20, 2024

Abstract. Audit delay, or the delay in completing the audit of financial statements, is a significant issue in Indonesia's auditing practices, particularly for companies listed on the Indonesia Stock Exchange (IDX). Timely financial reporting is a key indicator of corporate transparency and accountability. Longer audit delays increase risks for stakeholders, including investors, creditors, and regulators, in making informed financial decisions. In Indonesia, audit delay issues often arise due to business complexity, dynamic regulatory standards, and internal company factors such as company size, leverage level, and auditor tenure. This can negatively impact market trust in financial reporting integrity. Companies that delay financial reporting risk penalties from the Financial Services Authority (OJK) and a decline in public reputation. This study aims to examine and analyze the effect of audit opinions, leverage, firm size, and audit tenure on audit delay. The population of this study consists of manufacturing companies listed on the Indonesia Stock Exchange from 2019 to 2023. The analytical method used in this study is multiple linear regression. The results of this study show that the audit opinion variable and firm size variable has a significant effect on audit delay. The leverage variable and audit tenure variable does not have a significant effect on audit delay. Suggestions given For Company Management to focus on improving the quality of financial reporting and internal systems to reduce audit delays, especially for large companies. For Auditors, it is necessary to increase insight based on company characteristics and audit opinions to optimize audit planning.

Keywords : Audit Opinion; Leverage; Company Size; Tenure Audit; Audit Delay

INTRODUCTION

Audit delay refers to the time required for the preparation and publication of financial statements after the end of a company's fiscal year. This delay can significantly impact the credibility of financial information and investor decision-making. Numerous factors, including audit opinions, leverage, firm size, and audit tenure, have been suggested to influence the length of audit delay. (Diawati et al., 2021)

The timeliness of financial reporting is a critical aspect of corporate governance and transparency, influencing the confidence of stakeholders and the efficiency of financial markets. Audit delay, defined as the time taken from the end of a company's fiscal year to the issuance of audited financial statements, has become a recurring concern for both regulators and market participants. Prolonged audit delays can undermine the credibility of financial statements and delay important decision-making processes for investors, creditors, and other stakeholders (Afriani & Kartika, 2021)

Previous studies provide conflicting evidence regarding these factors. For instance, (Kartika, 2021) found that audit opinion significantly affects audit delay, highlighting its role in extending audit timeframes. Conversely, Shultoni (2022) argued that solvency, a measure of financial leverage, does not significantly influence audit delay. Additionally, firm size has been linked to audit efficiency due to better resources and internal controls

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(Kartika, 2021), whereas (Amalia et al., 2021) reported no such correlation. Similarly, audit tenure, which reflects the length of the auditor-client relationship, has shown both positive and negligible impacts on audit delay (Nugraha et al., 2024); (Catur & Fajar, 2022).

Despite extensive research on these variables, inconsistencies in findings and limited studies focusing on Indonesia's manufacturing sector highlight the need for further exploration. The manufacturing sector plays a pivotal role in Indonesia's economy, contributing significantly to GDP and employment. However, the sector's diverse nature, ranging from small-scale enterprises to large multinational firms, presents unique challenges in financial reporting and auditing.

This study aims to bridge these gaps by investigating the influence of audit opinions, firm size, leverage, and audit tenure on audit delay in manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. By providing a detailed analysis of these factors, the research seeks to offer practical insights to improve audit efficiency and enhance the timeliness of financial reporting in Indonesia's manufacturing sector. These findings are expected to be valuable for regulators, auditors, and corporate managers in formulating policies and practices to minimize audit delay and ensure the reliability of financial information.

METHOD

In this study, the data collection method employed is a combination of literature study and documentation techniques. Literature study involves reviewing various sources, such as books, articles, journals, and other written materials that are relevant to the research topic. This method provides a theoretical foundation and background for the study, helping to guide the analysis and interpretation of the results. (Ghozali, 2016)

The primary data used in this research is secondary data, which is obtained from existing sources, eliminating the need for primary data collection. Secondary data in this study is sourced from company documentation, specifically the annual financial statements of manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. This data includes comprehensive financial information, such as audited financial reports, balance sheets, and income statements, which are essential for analyzing the variables under study, including audit opinion, leverage, firm size, and audit tenure.

To ensure the accuracy and relevance of the data, the research focuses on secondary data available on the IDX website (www.idx.co.id), which is a trusted and authoritative source of financial information. The choice of using IDX as the data source is justified by its position as the largest and most representative stock exchange in Indonesia. It provides a comprehensive database of financial data for publicly listed companies, making it an appropriate source for this research.

The data collected from these secondary sources is analyzed using statistical tools and techniques, including regression analysis, to explore the relationships between the independent variables (audit opinion, firm size, leverage, and audit tenure) and the dependent variable (audit delay). This method ensures that the research is based on reliable, publicly available data, allowing for robust analysis and meaningful conclusions.

By utilizing secondary data from credible sources and applying appropriate analytical methods, this research aims to provide valuable insights into the factors

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influencing audit delay in manufacturing companies listed on the Indonesia Stock Exchange.

RESULTS AND DISCUSSION

A. T-Test

Table 1. t-test

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	63,445	4,702		-2,551	,013
	Auditor's Opinion	89,900	,061	,303	2.884	,005
	Leverage	,002	,007	,153	1,482	,143
	Company size	,773	,662	,481	4,741	,000
	Audit Tenure	,909	4,956	-,012	-,116	,908

a. Dependent Variable: Audit delay

The significance test of partial influence (t-test) was conducted to determine the individual effect of each independent variable on the dependent variable, audit delay. The test results show varying impacts among the variables. Audit opinion (X1) has a t statistic value of 2.884 and a significance value of 0.005, indicating a significant positive effect on audit delay. This finding supports the hypothesis that audit opinion influences audit delay. Leverage (X2) shows a t-statistic value of 1.482 with a significance level of 0.143, suggesting that leverage does not significantly affect audit delay, thereby rejecting the related hypothesis. Firm size (X3) demonstrates a t-statistic value of 4.741 and a significance level of 0.000, confirming a significant positive effect on audit delay and supporting the hypothesis. Conversely, audit tenure (X4) has a t-statistic value of -0.116 and a significance value of 0.908, indicating no significant impact on audit delay, leading to the rejection of the related hypothesis.

The findings reveal that audit opinion and firm size significantly influence audit delay, with audit opinion having the strongest effect. The significant positive relationship between audit opinion and audit delay suggests that modified opinions demand more extensive audit procedures, consistent with previous studies such as Kartika (2021). Meanwhile, the significant impact of firm size on audit delay highlights the complexity of auditing larger firms, a finding partially aligned with previous literature but contrary to the conclusions of Amalia et al. (2021). Leverage and audit tenure, however, do not exhibit significant relationships with audit delay, aligning with studies by Shultoni (2022) and Catur et al. (2022), respectively. These results underscore the multifaceted factors contributing to audit delay, emphasizing the need for further exploration into variables such as industry specialization, regulatory changes, and internal control mechanisms to better understand the determinants of audit timeliness.

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B. Coefficient of Determination (R2)

Table 2. Coefficient of Determination (R2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1			,537	1,548

a. Predictors: (Constant), auditor's opinion, Leverage, Company size, Audit Tenure

b. Dependent Variable: Audit delay

The coefficient of determination (R^2) test was conducted to assess the extent to which the model can explain the variation in the dependent variable, audit delay (Ghozali, 2016). The results show an adjusted R^2 value of 0.291 or 29.1%, meaning that the combined influence of the independent variables—audit opinion, firm size, leverage, and audit tenure—explains 29.1% of the variation in audit delay. This suggests that these variables play a significant role in determining audit delay.

However, the remaining 70.9% of the variation in audit delay is attributable to other factors not captured in this study. These unexamined variables may include factors such as industry-specific characteristics, the complexity of the firm's financial reporting, the level of internal control, or external regulatory influences. The relatively low R^2 value highlights that while the selected variables are important, other significant factors could contribute to explaining audit delay. Future research could expand on this by exploring additional variables that may better capture the complexity of audit delay, providing a more holistic understanding of the underlying causes.

CONCLUSION

This study was conducted to analyze the impact of audit opinion, firm size, leverage, and audit tenure on audit delay in manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 period. Based on the analysis and discussion of the research, the following conclusions can be drawn:

1. Audit opinion has a significant effect on audit delay in manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023.
2. Leverage does not have a significant effect on audit delay in manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023.
3. Firm size has a significant effect on audit delay in manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023.
4. Audit tenure does not have a significant effect on audit delay in manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023.

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