THE EFFECT OF COMPANY SIZE, PROFITABILITY, AND REPUTATION OF PUBLIC ACCOUNTING FIRM (KAP) ON AUDIT DELAY ON INFRASTRUCTRE, UTILITY, AND TRANSPORTATION COMPANIES LISTED ON INDONESIA STOCK EXCHANGE PERIOD 2016 – 2019

Wita anggraini [1], Dwi Tirta Kencana[2], Dhiona Ayu Nani[3]
Universitas Teknokrat Indonesia [1,2]
Universitas Gadjah Mada[3]

witaraini88@gmail.com

Abstract

This study aims to determine the effect of profitability, company size, and hood reputation on audit delay in infrastructure, utility, and transportation companies listed on the IDX for the 2016-2019 period. The population in this study is Infrastructure, Utilities, and Transportation Companies in 2016-2019. . The sample was determined by purposive sampling technique and obtained 16 companies that will be the research material. This research is a type of quantitative research or uses financial statements. Data analysis methods used in this study include descriptive statistics, classical assumption test, multiple regression analysis test, R2 determination test, t test (partial) and f test (simultaneous). The results of the research using the t-test showed that the Profitability and Firm Size variables had no effect, while the KAP's reputation had an effect on Audit Delay. For the results of the F test (simultaneously), Company Size, Profitability, and KAP reputation together do not have a significant effect on Audit Delay

Keywords: Firm Size, Profitability, KAP Reputation, and Audit delay

INTRODUCTION

The presentation of financial statements can provide benefits if they are presented accurately and on time. Such financial information is needed by users of financial statements or stakeholders in the company where financial statements need to be submitted or reported for consideration by stakeholders in making decisions. Financial statements reflect or describe the current condition of a company as a consideration for investors to invest. The company's financial statements are a means of connecting information between the company's management and external or external parties. These factors make financial statements a vital thing for a company or entity. Then the companies listed on the Indonesia Stock Exchange have an obligation to submit financial statements that have been prepared based on Financial Accounting Standards and have passed the audit process by a public accountant or auditor registered with the Capital Market Supervisory Agency (Saragih, E. M. A. 2019)

An audit delay is the length of time taken to complete the audit, which starts from the closing date of the financial year until the date of issuance of the audit report. If the audit report has passed the deadline for the provisions of the Financial Services Authority (OJK), it will certainly cause delays in the publication of financial statements. Delays that occur can indicate a problem in the company's financial statements. Then it will take a long time to complete the audit (Hermana, Y. 2018)

The next phenomenon is that one company that is part of an infrastructure, utility, and transportation company, namely PT Bakrie Telecom Tbk (BTEL), has been delisted because it was late in submitting a report and the auditor gave a disclaimer opinion on the 2017 and 2018 financial statements.

The company's management said that KAP gave a disclaimer opinion (an opinion does not provide an opinion) for 2 consecutive years, namely the periods of December 31, 2017 and December 31, 2018, to BTEL due to the company's debt default and assessed that the company did not have the ability to fulfill obligations under the peace agreement, which was ratified in the process of suspension of debt payment obligations (PKPU) by the Central Jakarta Commercial Court on December 9, 2014. The company's total debt in 2018 was Rp. 16.13 trillion, with the company's total assets in 2018 of Rp. 713 billion, which means that there is a possibility that BTEL will default on the debt with only 4% total assets. The higher the debt, the more negative the company's equity will automatically be. Since 2011, BTEL has also never recorded a profit. In fact, BTEL has again recorded an operating loss where the peak of the company's net loss occurred in 2015 of Rp. 8,640.75 billion, or Rp. 8.7 trillion, and in the following year, BTEL continued to record losses. (www.cnbc.com, 10 July 2019).

Based on the background that has been described, it can be concluded that the formulation of the problem in this research is whether the company size, profitability, and reputation of KAP have an effect on audit delay ?.

Based on the problem formulation that has been described, the purpose of this study is to determine the effect of firm size, profitability, and KAP reputation on audit delay in infrastructure, utilities, and transportation companies listed on the Indonesia Stock Exchange. This research is expected to be useful for, among other things, benefits for auditors. Providing useful information to help identify factors that can cause audit delays for companies in Indonesia; second, benefits for universities This can be one of the studies that help add insight for every reader to analyze audit delays; third, for companies to control the factors that cause audit delays so that they can report financial statements on time.

LITERATURE REVIEW

Compliance Theory

This theory has the aim of teaching individuals or agents to be obedient to their principals, so that all principal delegations can be fulfilled. The regulations for submitting financial reports are stated in the Decree of the Board of Directors of the Indonesia Stock Exchange KEP00015/BEI/01-2021 regarding the obligation to periodically report financial statements of issuers or state-owned enterprises (KEP00015/BEI/01-2021) **.** The regulations stipulate that all actions of individuals and entities related to the capital market must submit annual financial reports accompanied by independent audit reports in a timely manner, i.e., no later than the end of the third month or 90 days after closing the company's books. This compliance theory can help individuals to better comply with applicable regulations, as well as companies or entities that try to be timely in submitting financial statements. In addition to the absolute obligations of the company, it will also receive a positive response from users of financial statements if the company presents them in a timely manner (Annisa, D. 2018).

Signal Theory

Signal theory was first introduced by Spence (1973), saying that this theory involves two parties, namely the internal party (management) giving signals or signals and external parties such as investors who will receive the signals. With this signal, the management tries to provide relevant information that can be utilized by investors. The main advantage of this theory is that the accuracy and timeliness of the publication of financial statements is a signal from the company that information is available that is useful for investor decision-making and describes the company's prospects in the future. The longer the delay, the more uncertain the movement of the entity's share price (Andiyanto, R., Andini, R., & Paramita, P. D. 2017).

Company Size

Company size is generally grouped into 3 main scale groups, namely large, medium, and small. Companies that grow on a large scale will see their total assets and total sales increase, which can increase the size of the company (Hidayati, N., & Hermanto, S. B. 2018).

Profitability

Profitability is the company's ability to earn a profit or loss during a certain period. The relationship between the level of sales, assets, certain share capital, and the effectiveness of the overall management in generating profits for the company can be seen through the profitability ratio. This is what makes companies with high levels of profitability tend to be fast in reporting their financial statements to minimize audit delays (Riani, E., Umam, K., Saputra, M. C., Sibarani, R. S., & Prasetya, E. R. 2020).

The Reputation of KAP

The Reputation of KAP As known as a public accounting firm, known by its abbreviation as KAP, is a business entity established based on the provisions contained in the legislation and has obtained a business license as stated in the law concerning public accountants. Engaged in the provision of professional services in the practice of public accounting (ASTRINA, F., & RESMADELY, R. 2020).

RESEARCH HYPOTHESIS

An audit delay is the length of time required by the auditor to complete an audit report on the performance of the company's financial statements. This time gap can be calculated from the difference between the date of the annual financial statements and the date of the financial statements issued by an auditor. [10] The size of the audit delay is the length of time or days to produce audit financial

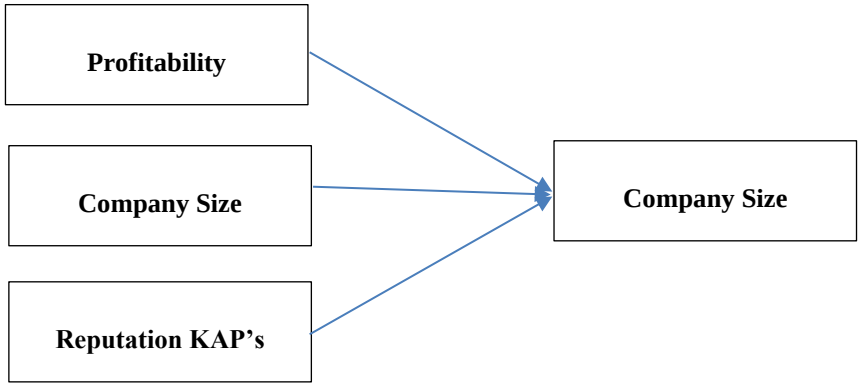
statements from the closing of the financial year to the date when the auditor finishes working on the report. his. Completion of the work of an auditor will be required to follow or comply with the applicable regulations in the Public Accountant Examination Standards (Pinasthi, G. N., & Nurbaiti, A. 2020).

H1: Profitability has an impact on audit delay.
Company size is the size of the company's scale, which can be measured by the total number of assets or assets owned by the company [12]

H2: Firm size has an effect on audit delay
Febrian Nanda (2020) states that the firm size variable has an effect on audit delay.

H3: KAP's reputation affects audit delay.
The timeliness of the presentation of financial statements depends on the results of the auditor's reporting. For a company that uses the services of an auditor affiliated with the big four, the presentation of financial statements will be faster and more efficient than a KAP that is not affiliated with the big four. [14]

FRAMEWORK



This type of research uses quantitative research methods, namely research methods that are often referred to as "traditional methods. In this study, researchers used 3 independent variables (independent), namely, company size, profitability, and KAP reputation. The type of data in this study is secondary data, whose data source is not obtained from the researchers themselves, but rather data obtained from the company's financial statements that have been published on the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id.

The companies included in this study are infrastructure, utility, and transportation companies listed on the Indonesia Stock Exchange during the research period, 2016–2019. Sampling in this study will be carried out by the purposive sampling method, meaning that the population that is used as a sample in this study is a population that meets the sample criteria desired by the researcher in accordance with the considerations. The criteria used as samples in this study are: (1) the company is included in the infrastructure, utility, and transportation companies listed on the Indonesia Stock Exchange during the research period, namely 2016–2019; (2) infrastructure, utilities, and transportation companies that publish and publish complete annual financial reports for 2016–2019 and have been audited by independent auditors; (3) infrastructure, utilities, and transportation companies whose net profit after tax did not suffer losses during the 2016–2019 period; and (4) infrastructure, utilities, and transportation companies that issue annual financial reports using rupiah currency.

This research method uses multiple linear regression analysis with classical assumption tests, namely (normality test, multicollinearity test, heteroscedasticity test, autocorrelation test) and multiple x regression tests (t test, f test, and coefficient of determination test).

Multiple Linear Regression Analysis

The variables used in this study consist of (1) the dependent variable, namely audit delay; (2) independent variables, namely company size, profitability, and KAP reputation, In testing using multiple linear analysis, the models and regression in this study are :

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Y =Audit Delay

α = Konstanta

β1 = Coefficient Regression of Company Size

β2 = Coefficient Regression of Profitability

β3 = Coefficient Regression of Public Accountant Firm Reputation

X1 = Company Size

X2 = Profitability

X3 = Public Accountant Firm Reputation (KAP Reputation)

e = Error Term

Partial Test (T Test)

T test was conducted to show the extent to which the influence of one independent variable individually was able to explain the variation of the dependent variable. (Ghozali , 2016) explained that to test the effect of each independent variable used in this study, the t-test was partially used with a significant level of 5%. With the following conditions :

3. If the significant value is <0.05 and tcount > t table , it means that the effect is significant between the independent variables on the dependent variable.
4. If the significant value is > 0.05 and tcount > t table , it means that it does not have a significant effect between the independent variables on the dependent variable.

Simultaneous Test (F Test)

The F statistic test is a test to show how all independent variables when included in the regression model have an effect on the dependent variable together. To be able to take a decision the hypothesis is accepted or rejected using a significant level comparison of 0.05. If the probability F is greater than 0.05 then the regression cannot be used to predict the dependent variable using other words the independent variables together have no effect on the dependent variable (Ghozali , 2016). Here is the explanation:

3. If the significant value is < 0.05 and Fcount > F table so that the independent variable has an effect on the dependent variable
4. If the significant value is > 0.05 and Fcount < F table so that all independent variables have no effect on the dependent variable.

RESULTS AND DISCUSSION

Descriptive statistical test results after outlier's descriptive statistical test results after outliers,

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PROFITABILITAS	56	1215969.00	195638262.00	60644477.7857	47634828.69302
UP	56	158202695.00	3020351926.00	2218738344.2143	792495782.93720
KAP	56	.00	1.00	.4464	.50162
AUDIT DELAY	56	43.00	119.00	82.1250	13.08304
Valid N (listwise)	56				

Based on the table above, it can be explained that the audit delay variable is the dependent variable in the table, which has a minimum value of 43.00. The maximum value that is owned is 119.00, then the average value (mean) is 82.1250, and the standard deviation is 13.08304. The profitability variable (ROA) has a minimum value of 1215969.00 and a maximum value of 195638262.00. Then the average value (mean) is 60644477.7857 and the standard deviation value is 47634828.69302. The company size variable has a minimum value of 158202695.00 and a maximum value of 3020351926.00. The average value (mean) is 2218738344.2143 and the standard deviation value is 792495782,93720 for the KAP Reputation Variable with a minimum value of 0.00, a maximum value of 1.00, an average value (mean) of 0.4464 and a standard deviation value of 0.50162.

Normality Test Analysis

Table 2 Kolmogorov-Smirnov test table after outlier

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			56
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		12.47806754
Most Extreme Differences	Absolute		.155
	Positive		.106
	Negative		-.155
Test Statistic			.155
Asymp. Sig. (2-tailed)[c]			.055
Monte Carlo Sig. (2-tailed)[d]	Sig.		.002
	99% ConfidenceInterval	Lower Bound	.001
		Upper Bound	.003
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 299883525.			

Source : Data Processing SPSS

Based on the table above, it can be seen that the asymp. sig. (2-tailed) has changed to 0.055. This indicates that the probability value is 0.055 > 0.05 as the level of significance, so it can be concluded that the assumption of normality is fulfilled

Coefficient of Determination Test (R^2)

Tabel 7 Coefficient of Determination Test (R^2) Result

Model Summary[b]			
Model	R	R Square	Adjusted R Square
1	.301[a]	.090	.038
a. Predictors: (Constant), KAP, UP, ROA			
b. Dependent Variable: AUDIT DELAY			

Multicollinearity Test

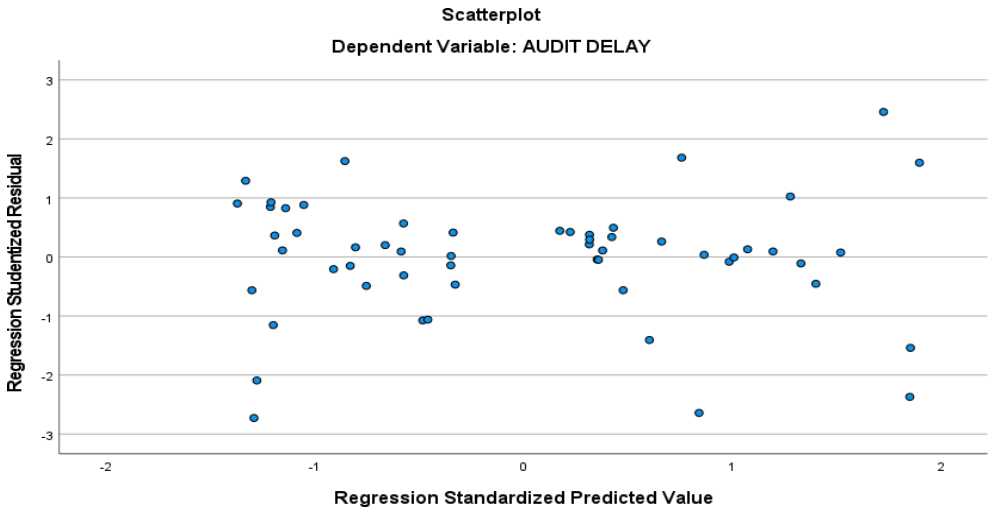
Table 3 Multicollinearity Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	83.264	6.052			
	ROA	1.471E-8	.000	.054	.948	1.055
	UP	-2.208E-9	.000	-.134	.978	1.023
	KAP	6.422	3.505	.246	.968	1.033
a. Dependent Variable: AUDIT DELAY						

Based on the table above, it is known that the VIF value of the profitability variable proxied through ROA is 1,055, the VIF value of the firm size variable is 1,023, and then the VIF value of the KAP Reputation variable is 1,033. The VIF value of each variable states that none exceeds 10, and it can also be seen that the tolerance value of each variable is more than 0.1. So it can be concluded that there is no multicollinearity between independent variables in the obtained regression equation.

Heteroscedasticity

Tabel 4 Scatter plot Graph



In the picture, it can be seen that the dots have spread randomly, both at the top and bottom positions. This shows that the regression model does not experience heteroscedasticity disorders and it can be concluded that there is homoscedasticity.

Autocorrelation Test Analysis

Table 5 Autocorrelation Test

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Durbin-Watson
1	.301[a]	.090	.038	1.964
a. Predictors: (Constant), KAP, UP, ROA				
b. Dependent Variable: AUDIT DELAY				

In the table of autocorrelation test results above, the data obtained dW is 1.964, and dU is 1.6830. This demonstrates that dU dW 4-dU has a value of |1.6830| |1.964| |4-1.6830|. So it can be concluded that there is no autocorrelation in this regression model.

Hypothesis Test Analysis

Multiple linear regression analysis

Table 6 Multiple linear regression analysis test results

Coefficients[a]			
Model		B	Sig.
1	(Constant)	83.264	<,001
	ROA	1.471E-8	.695
	UP	-2.208E-9	.322
	KAP	6.422	.073
a. Dependent Variable: AUDIT DELAY			

From the results of the multiple linear regression table above, the regression equation developed in this study is:

$$Y = 83.264 + 1.471(Roa) – 2.208(UP) + 6.422(KAP)+ e$$

From the test results above, it shows that the value of R2 in this regression model is 0.090. This means that the independent variables in the study are profitability (X1), company size (X2), and KAP Reputation. X3) is able to explain the dependent or dependent variable, namely the audit delay of 9%. While much of the rest, as much as 91%, is explained by other factors outside the study.

T Test

Table 8 T Test Result

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	83.264	6.052		13.759	<,001
	ROA	1.471E-8	.000	.054	.394	.695
	UP	-2.208E-9	.000	-.134	-1.000	.322
	KAP	6.422	3.505	.246	1.832	.073
a. Dependent Variable: AUDIT DELAY						

It is known that the sig value for profitability (X1) on audit delay (Y) is 0.695 > 0.10 and Tcount 0.394 < T table 1.67469 so it can be concluded that profitability has no significant effect on audit delay or H1 is not supported. It is known that the sig value for Firm Size (X2) on Audit Delay (Y) is 0.322 > 0.10 and Tcount -1,000 < Ttable 1.67469 so that it can be concluded that the Firm Size variable has no significant effect on audit delay. Know the value of sig. The reputation of KAP (X3) on audit delay (Y) is 0.073 > 0.10 and the Tcount is 1.832 < Ttable 1.67469. The conclusion drawn is that KAP's reputation has a significant effect on audit delay.

F Test

Table 9 F Test Result

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	850.506	3	283.502	1.721	.174[b]
	Residual	8563.619	52	164.685		
	Total	9414.125	55			
a. Dependent Variable: AUDIT DELAY						
b. Predictors: (Constant), KAP, UP, ROA						

Based on the results of the F test table above, it is known that the significance value for the effect of profitability (X1), company size (X2), and KAP Reputation (X3) is 0.174 > 0.10 and the F count value is 1.721 < 2.19. so that it can be concluded that the variables of profitability (X1), company size (X2), and KAP Reputation (X3) have no simultaneous effect on audit delay.

Based on the results of the research that has been done, it was found that profitability on audit delay does not significantly affect audit delay. This is because when the company generates large or small profits, it will not affect the auditor's process of auditing the financial statements. Both companies with high or low profitability will tend to speed up the submission or reporting of financial statements to the public. The company still has responsibility for the timely submission of its financial statements. Every public company will be required to submit financial reports and audited reports to the Capital Market Supervisory Agency (BAPEPAM). This is also regulated by the regulations of the Financial Services Authority (OJK). The company will increase the value of the company by submitting customized financial reports in a timely manner. not fixated on the size of the profitability obtained plus the legislation that requires each auditor to minimize fraud in conducting audits.

Based on the results of this study, firm size does not significantly affect audit delay. The size of the assets that the company owns cannot immediately affect the time of submitting the financial statements and audited reports of a company. In conducting and completing the examination, an auditor will follow the same procedures as in the professional standards of public accountants. Audit delay will not be separated from the performance of the auditors who produce audit reports. Fast or long completion of audited financial statements still depends on the performance of an auditor. Even though the company has large or small assets, the auditor will still be required to complete the audit on time. Auditors and company management will make efforts to speed up the submission of audited financial statements because it is related to internal control.

Based on the results of this study, the reputation of KAP has a significant influence on the Y variable, namely audit delay. In this study, the researcher uses big 4 and non big 4 KAPs as a measuring tool where an auditor works. All KAPs in Indonesia will carry out audit procedures on a regular basis and in accordance with the guidelines set by the Minister of Finance regulations. The magnitude of the reputation of the public accounting firm (KAP) is illustrated and shown from the high quality produced by services which will then affect the time period for completing the examination, this study is also in line with Fenty Astrina (2020) which states that the KAP reputation variable has the effect on the dependent variable is audit delay. Fast audit times are one way for high-quality KAPs to maintain their reputation. Large KAPs will provide great incentives if the auditor completes the audit on time.**CONCLUSION**

The purpose of this study is to determine the effect of profitability, company size, and reputation on public accounting firms. This research was conducted on infrastructure, utilities, and transportation companies listed on the Indonesia Stock Exchange in 2016–2019. By using data from 16 companies that met the criteria during the 4 years of research, 64 data were obtained, which were processed. By using the multiple linear regression analysis technique, it is obtained that profitability and firm size have no effect on audit delay, while KAP reputation has an effect on audit delay. Based on the conclusions above, the suggestions for further research are expected to be able to add variables in measuring the factors that influence the occurrence of audit delay. The value of x-adjusted Rxsquare in this study is also only x by 9%, which means there are still many other factors that can affect audit delay.

REFERENCES

Saragih, E. M. A. (2019). Analisis Faktor-Faktor Yang Mempengaruhi *Audit Delay* Pada Perusahaan Sektor Pertambangan Di Bursa Efek Indonesia Tahun 2016-2018.

Hermana, Y. (2018). Pengaruh Ukuran Perusahaan, Profitabilitas, OpiniAuditor dan Reputasi KAP Terhadap Audit Delay Pada Perusahaan Manufaktur Sub Sektor Food and Beverage di Bursa Efek Indonesia(BEI) Tahun 2012-2016. (www.cnbc.com,10 Juli 2019)

KEP00015/BEI/01-2021 tentang kewajiban pelaporan laporan keuangan secara berkala Emiten atau Badan Usaha Milik Negara

Annisa, D. (2018). Pengaruh ukuran perusahaan, jenis opini auditor, ukuran KAP dan audit tenure terhadap audit delay. *JABI (Jurnal Akuntansi Berkelanjutan Indonesia)*, *1*(1), 108-121.

Andiyanto, R., Andini, R., & Paramita, P. D. (2017). Pengaruh Profitabilitas, Solvabilitas, dan Ukuran Perusahaan Terhadap Audit Report Lag dengan Reputasi KAP Sebagai Variabel Moderating pada Perusahaan Keuangan yang Terdaftar di Bursa Efek Indonesia Periode 2011-2015. *Journal Of Accounting*, *3*(3).

Hidayati, N., & Hermanto, S. B. (2018). Pengaruh ukuran perusahaan, profitabilitas, opini audit, jenis industri dan reputasi auditorterhadap audit report lag. *Jurnal Ilmu dan Riset Akuntansi (JIRA)*, *7*(7).

Riani, E., Umam, K., Saputra, M. C., Sibarani, R. S., & Prasetya, E. R. (2020). Pengaruh Ukuran Perusahaan, Profitabilitas Dan Auditor Internal Terhadap Audit Delay (Studi Empiris Pada Perusahaan Jasa Sektor

Property Dan Real Estate Yang Terdaftar Pada Bursa Efek Indonesia Tahun 2016-2018). *Proceedings Universitas Pamulang*, *1*(1), 63-74

ASTRINA, F., & RESMADELY, R. (2020). pengaruh ukuran perusahaan dan reputasi kantor akuntan publik (kap) terhadap audit delay pada perusahaan sektor perbankan yang terdaftar pada bursa efek indonesia. *Accountia Journal (Accounting Trusted, Inspiring, Authentic Journal)*,*4*(02), 126-141.

Pinasthi, G. N., & Nurbaiti, A. (2020). Pengaruh Ukuran Perusahaan, Leverage, dan Reputasi KAP terhadap Audit Delay (Studi Empiris pada Perusahaan Pertambangan yang Terdaftar di Bursa EfekIndonesia Tahun 2014-2018). *eProceedings of Management*, *7*(2).

Irman, M. (2017). Pengaruh Ukuran Perusahaan, ROA, DAR, Dan Reputasi Auditor terhadap Audit Delay. *COSTING: Journal of Economic, Business and Accounting*, *1*(1), 23-34.

Nanda, Febrian. *Pengaruh Ukuran Perusahaan, Profitabilitas, Reputasi Kantor Akuntan Publik (KAP) Terhadap Audit Delay (Studi Kasus Pada Perusahaan Manufaktur Sub Sektor Food and Beverage di Bursa Efek Indonesia (BEI) Tahun 2016-2018).* Diss. Universitas Islam Negeri Sumatera Utara, 2020.

Nanda, Febrian. *Pengaruh Ukuran Perusahaan, Profitabilitas, Reputasi Kantor Akuntan Publik (KAP) Terhadap Audit Delay (Studi Kasus Pada Perusahaan Manufaktur Sub Sektor Food and Beverage di Bursa Efek Indonesia (BEI) Tahun 2016-2018).* Diss. Universitas Islam Negeri Sumatera Utara, 2020.

Maitimo, B. T. N., & Safriliana, R. (2021, March). Pengaruh Ukuran Perusahaan, Profitabilitas, dan Reputasi KAP terhadap Audit Report Lag (Studi Empiris pada Perusahaan Manufaktur yang terdaftar diIndonesia). In *Conference on Economic and Business Innovation (CEBI)* (pp. 561-570).