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The Effect of Audit Opinion, Solvency and Profitability on Audit Delay in Companies Listed on the Indonesia Stock Exchange

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Abstract
This study aims to examine the effect of audit opinion, solvability and profitability on audit delay in companies listed on the Indonesia Stock Exchange. The sample in this study were all companies listed on the Indonesia Stock Exchange. In sampling, the author uses a purposive sampling technique, namely the sampling method using certain criteria. Data obtained from the publication of the Indonesia Stock Exchange. This study uses as many as 53 sample with multiple linear regression estimates. The results of the study found that the profitability variable had a negative and significant effect on audit delay, while audit opinion and solvability had not effected on the audit delay variable.
Keywords: audit opinion; solvability; profitability; audit delay

Introduction
Timeliness in submitting financial information is very important for companies. Financial information submitted must be timely so that the information is more useful for the company. However, if financial information is submitted late, it will reduce the function of the information and may even be unnecessary. Based on the capital market regulations stipulated by OJK with number 14/POJK.04/2022 it explains that financial reports are submitted to OJK and announced to the public by companies no later than the end of the third month after the date of the annual financial statements. Based on the regulation of the Financial Services Authority (OJK) of the Republic of Indonesia Number 3 /PJOK.04/2021, it states that sanctions will be given to companies that are late in submitting financial reports per day of Rp. 1,000,000. The number of transactions that must be examined, complexity and related to poor internal control, can potentially lead to delays in the presentation of financial statements (audit delay), Amini & Waluyo, 2016).

Research conducted by Amrullah Pugel & Vernando (2021) regarding audit delay using the variables company size, KAP size, solvency and company losses. The results of Azaria & T, Sutrisno's research (2021) found that only audit opinion has an influence on audit delay. While Ulfa & Primsari (2017), Bahri & Amnia (2020), Meidiyustiani & Febisianigrum, (2020) shows that audit opinion has no significant to audit delay. This can be caused because the auditor does his job in a professional manner so that any opinion issued by the auditor will not affect the length of time the financial report is audited. Aryaningsih & Budiartha (2014), found that company size and KAP size affect audit delay. Then Apriyana (2017), Bahri & Amnia (2020) found that solvency has a positive and significant effect on audit delay in property and real estate companies. However, it is different from the results of research by Alfiani & Nurmala (2020), Mutiara et al (2018), Meidiyustiani & Febisianigrum, (2020), Fanny et al (2019, found that the solvency variable has no effect on audit delay in property and real estate companies listed on the Indonesia Stock Exchange. Furthermore, the variable used to examine audit delay is profitability. Profitability is the company's ability to earn profits through all the company's capabilities and resources. The results of research conducted by Azaria & Sutrisno (2021), Bahri & Amnia (2020) which revealed that profitability as measured by ROA has no effect on audit delay, while Meidiyustiani & Febisianigrum, (2020), Fanny et al (2019), found that has a negative effect profitability on audit delay.. Based on the existing phenomena and the results of research gaps, previous research does not show that there are still inconsistencies in research results related to audit delay, so this research is still feasible to do. Therefore the purpose of this study is to analyze the effect of audit opinion, solvency and profitability on audit delay in companies listed on the Indonesia Stock Exchange.

Materials & Methods

Data

The population in this study are companies listed on the Indonesia Stock Exchange. The data used includes audited financial reports to find out audit opinion, solvency, profitability and audit delay for 2020 which were obtained through the internet media with the website www.idx.co.id. Total population of 780 companies. The sampling method uses purposive sampling with the criteria of companies that are late in reporting annual financial statements that have been audited in 2021. From this method a sample of 55 companies was obtained.

Variable Operational Definitions

Audit delay is the length or time needed by an auditor to complete an audit assignment on financial statements and can be calculated from the closing date of the company on December 31 to the date the auditor's report is issued. These variables are measured quantitatively in days. According to (Pratiwi & Triyanto, 2021, Dedik & Izmi, 2021), audit delay can be calculated using date of audit report less company closing date. Audit Opinion is the auditor's opinion on the fairness of the audited financial statements, in all material respects, which is based on the conformity of the preparation of financial statements with generally accepted accounting principles. The indicator used to measure this variable uses a dummy variable, namely code 1 is given to companies that receive an unqualified opinion and code 0 to companies that receive opinions other than unqualified opinion (Rahmawati, 2015). Solvability is the ratio used to measure the extent to which a company's assets are financed with debt. In this study solvency is measured by the Debt to Asset Ratio, (Kasmir, 2012). Profitability is a ratio to assess the company's ability to make a profit. In this study the indicator used is Return on Assets (ROA). Measuring profitability using ROA, (Kasmir, 2012).

Data analysis method

The data analysis method used in this research is descriptive analysis and statistical analysis. Data processing uses multiple linear regression analysis with the following equation:

$$AD = \beta 0 + \beta 1\ D\_OA + \beta 2\ DAR + \beta 3\ ROA + e \quad \ldots\ldots\ldots..(1)$$

Where: AD = Audit Delay, OA = Auditor Opinion, DAR = Debt to Equity Ratio, ROA = Return on Asset

To observe the significance level of influence between the independent variable and the dependent variable, an alpha of 5% is used. In addition to analyzing the level of significance, a descriptive analysis was also carried out on the available data.

Results and Discussion

Based on the data obtained, the first stage carried out in this study is to describe the data obtained as presented in the **Table 1.**

Table 1. Descriptive statistics

Variable	Obs	Mean	Median	Max	Min	Std.Dev
D_AO	53	0.113208	0.0000	1.0000	0.0000	0.319878
DAR	53	59.77358	44.000	276.00	2.0000	52.15533
ROA	53	-5.672830	-3.0300	18.230	-26.320	8.708339

Source: Data Analyzed, 2022

Based on table above, it can be seen that the lowest value, highest value and average value of the variables studied with a total of 53 observations in companies listed on the Indonesia Stock Exchange for D-AO and DAR variables have relatively good data distribution, because the Mean value is more than the Standard deviation, while the ROA variable has a related data distribution that is not good because the Mean value is less than the Standard deviation. However, overall the data is relatively well distributed. The next step is to analyze the partial effect of the independent variable on the dependent variable which is presented in the Table 2.

Table 2. Partial Test Results (t test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	166.2682	6.996773	23.76356	0.0000
D_AO	-8.239023	15.29232	-0.538769	0.5925
DAR	0.016640	0.098020	0.169759	0.8659
ROA	-1.478425	0.625188	-2.364770	0.0220

Source: Data Analyzed, 2022

Based on the results in table 3 it can be explained that Audit Opinion (D_AO) and DAR have no significant effect on audit delay. This condition explains that it rejects Hypothesis 1 and hypothesis 2. While hypothesis 3 is accepted where the ROA variable has a negative and significant effect on audit delay. The public opinion variable has a significant impact on audit delay due to the fact that in conducting an audit, an auditor has an obligation to obtain sufficient and competent audit evidence in order to support decisions about the fairness of presentation in financial statements and also the process of giving an opinion on the fairness of financial statements is the last stage to be carried out so that whatever type of opinion is given does not affect the length of the audit in the process. This could be because the auditor does his job professionally so that any opinion issued by the auditor will not affect the length of time the financial statement audit takes. The results of this study are in line with previous research conducted by Ulfa & Primsari (2017) and research by (Yanthi et al., 2020), which shows that audit opinion has no effect on audit delay. Meanwhile, this research is contrary to research conducted by (Azaria & T, 2021) audit opinions which are categorized into companies that get unqualified opinions and companies that get opinions other than unqualified opinion have an effect on audit delay.

Then DAR also has no significant effect on audit delay because high or low solvency does not affect the length of audit completion or audit delay. This happens because in carrying out audits, both for companies that have high and low debt levels, the auditor will continue to carry out audits in the same way, according to audit procedures. Moreover, a professional auditor certainly has the expertise to audit accounts payable. So that it will not hinder the auditor in carrying out his work. The results of this study are in line with research conducted by (Alfiani & Nurmala, 2020) that solvency has no effect on audit delay. Meanwhile, this research is in contrast to research conducted by (Lestari & Saitri, 2017) that solvency has an effect on audit delay of manufacturing companies listed on the Indonesia Stock Exchange in 2012-2015.

While profitability as measured by ROA found that there is a negative and significant effect on audit delay. This condition means that the higher the profitability, the shorter the audit delay. Because if a company that has high profitability is good news (good news) and the company does not want to prolong conveying this good news to users of its financial statements. So that it will attract investors to invest their capital in the company. This will affect the company's stock price. Meanwhile, companies that have a low level of profitability tend to experience setbacks in the publication of financial reports. This is because companies that have a low level of profitability tend to ask their auditors to schedule audits than usual, thereby delaying announcing bad news to the public. The auditor will act more carefully and carefully during the audit process in providing answers as to whether the cause of the increase in losses experienced by the company. So it takes a long time for the auditor to audit the financial statements.

The results of this study are in line with research conducted by (Alfiani & Nurmala, 2020), (Lestari & Saitri, 2017) and (Amrullah Pugel & Vernando, 2021) that profitability affects audit delay. Meanwhile, this research is contrary to research conducted by (Azaria & T, 2021) proving that the profitability variable as measured by ROA has no effect on audit delay.

Conclusions

Based on the results of the research and discussion described above, the authors draw the conclusion that the audit opinion and DAR variables have no effect on audit delay. Meanwhile ROA has a negative and significant effect on audit delay in companies listed on the Indonesia Stock Exchange. This condition indicates that company management takes advantage of good news related to company performance to attract investors and provide a positive signal to capital market players. In addition, company managers can cooperate with auditors by providing data or information needed during the audit process so that work can be completed on time.

Acknowledgments

This study has several limitations, namely using audit opinion, DAR and ROA variables. For further research suggest use other variables such as company size, audit committee, company age and KAP size that may be involved and the year of observation must be added in order to get better results.

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