ANALYSIS DETERMINED AUDIT DELAY (AN EMPIRICAL STUDY ON MINING COMPANIES LISTED IN INDONESIAN STOCK EXCHANGE DURING 2012-2016)

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Abstract

Companies that have gone public in general will issue financial statements in accordance with a predetermined time. However, there are still some companies that experienced a delay in issuing the financial statements. Delay in issuing financial statements that have been audited by independent auditors is one indication that the company experienced a problem.

This study aims to examine the effect of Profitability, Leverage, Complexity of Company Operation, Reputation of Public Accounting Firm to the Audit Delay at Trade, Mining Company listed on Indonesia Stock Exchange (BEI) in the period 2012-2016. The data used in this study was obtained from financial statement data.

The population in this study are Mining Company listed on the Stock Exchange. Sample selection technique used is purposive sampling and acquired 30 company with the 2012-2016 study period. Methods of data analysis in this research is panel data regression analysis using Eviews software version 9.

The results showed that simultaneous Profitabaility, Leverage, Complexity of Company Operation, Reputation of Accounting Public Firm have a significant effect on Audit Delay. While partially, Leverage and Reputation of Auditor significant positive effect on Audit Delay, Profitability significant negative effect on Audit Delay. While Complexity of Company Operation has no effect on Audit Delay.

Based on the results of the research that has been done. The author wants to give advice to pay attention to management management in achieving profit, the level of debt and pay attention in the election KAP big four / non big four. And the last is recommended to maintain the adjustment of human resources used to prepare the financial statements of companies that tend to complex or have many subsidiaries, because it can prevent the occurrence of delay in the delivery of financial statements.

Key Words: *Profitability, Leverage, Complexity of Company Operation, Reputation of Accounting Public Firm, Audit Delay.*

1. INTRODUCTION

Companies that issue shares in the stock exchange are required to submit their financial statements and not later than the end of the 3rd (third) month or 90 days after the close of the book. It is stated in the Decision of the Chairman of Bapepam and LK Number: KEP-346 / BL / 2011 that the Annual Financial Statement must be submitted in the form of Audited Financial Statement, at the latest at the end of the 3rd (third) month or 90 days after Annual finance report.

The level of delay in financial reporting that tends to fluctuate, in 2012-2014 has increased and decreased but the number is not significant. However, in 2015 the mining sector has increased from the previous year but the number again dropped drastically in 2016. For the size of a large sector let alone the mining sector which is one of the largest contributors of state revenues, the fluctuation value illustrates the quality condition of troubled financial performance.

This study aims to determine how the conditions and whether there is a simultaneous relationship between profitability, leverage, complexity of corporate operations and reputation of KAP to Audit Delay. In addition to know whether there is a partial influence between profitability to audit delay, leverage to audit delay, the complexity of corporate operations to audit delay, and also the reputation of KAP against audit delay.

2. LITERATURE REVIEW

2.1 AUDIT DELAY

Audit delay is the length of days required by the auditor to complete the audit work, as measured from the closing date of the financial year to the date of the issuance of the audit financial statements. The time frame (Audit Delay) required by the auditor to submit the financial statements based on the Decision of the Chairman of Bapepam and LK Number: KEP-346 / BL / 2011 that the Annual Financial Statement must be submitted in the form of Audited Financial Statement at the latest at the end of the 3rd month third) or 90 days after the date of the Annual Financial Statement.

And at the latest Regulation of the Financial Services Authority No. 29 / POJK.04 / 2016 states the same that the Issuer or Public Company is required to submit the Annual Report to the Financial Services Authority by the end of the fourth month after the end of the financial year. Associated with audit delay.

2.2 PROFITABILITY

According to Kashmir (2014: 196) profitabilty ratio is the ratio to assess the ability of companies in the search for profit. Profitability can describe the company's ability to generate profits (profit) at the level of sales, assets and equity in a certain period. Thus the company not only pay attention to efforts to enlarge profit but also efforts to enhance profitability, because high profitability reflects the high effectiveness as well.

In this research, profitability measurement used is Return On Asset Ratio (ROA). The ratio gives an indication of how much profit a company can make by utilizing its owned assets. It can be used to understand the cause of a company's performance as it is now and foresee the direction it will lead. ROA is measured by the following equation:

$$ROA = (Net\ Income) / (Total\ Assets)$$

2.3 LEVERAGE

According to Hery (2015: 166-170) [4] leverage ratio or solvency ratio, is a ratio that describes the ability of the company in fulfilling all its obligations. Similar to liquidity ratios, leverage ratios are also required for the benefit of financial risk analysis

In this study the ratio used to measure the level of debt (leverage) is Debt To Asset Ratio the higher the percentage ratio of debt to assets, tend to be greater financial risks for creditors. Debt To Asset Ratio is formulated in the following equation:

DAR = (Total Debt) / (Total Assets)

2.4 THE COMPLEXITY OF THE ORGANIZATION

The complexity of the organization or operation is the result of the formation of departments and the division of work that focuses on the number of different units. An increasingly complex dependence occurs when organizations of all kinds or numbers of jobs and units create more complex managerial and organizational problems (Martius, 2012: 12). The number of work or complex units can be reflected in the number of subsidiaries owned. A subsidiary or subsidiary is a company controlled by a parent company.

2.5 REPUTATION OF PUBLIC ACCOUNTING FIRM

Public Accounting Firm is a form of public accountant organization licensed in accordance with legislation, which seeks in the field of providing professional services in the practice of public accountants (Kartika, 2011). The Big Four is a group of four largest professional and accounting firms that handle the majority of audit work for both public and private companies. (Widhiasari, 2015). Big Four's Big Four include Deloitte & Touche, Ernst & Young, Price Waterhouse Coopers, and KPMG.

The use of the Big Four category as a measure of reputation for KAP is due to the auditors who are shaded by the Big Four KAP is an auditor who has expertise and high reputation compared to non-Big Four auditors. Therefore, the Big Four auditor will seek to sustain its market share, public trust, and reputation by providing protection to the public (Sanjaya, 2013).

3. METHODOLOGY

3.1 PARTICIPANTS

The population used as the material of this study are all mining companies listed on the Indonesia Stock Exchange in 2012-2016. The total sample used in this study is 150 samples consisting of 30 companies in the mining sector with a period of research for 5 years ie from the year 2012 - 2016.

3.2 MEASUREMENTS

This research takes secondary data collected by using documentation method and literature study, following explanation:

1. Documentation, which is Collecting data of mining sector companies listing consistently on BEI and companies issuing audited company's financial statements from 2012 to 2016 which are sampled through the official website of Indonesia Stock Exchange (www.idx.co) .id)

2. Library study, through scientific journals, writings, scientific articles, literature and other data sources related to research to gain an understanding of the definitions and concepts related to profitability, leverage, complexity of company operations, and reputation of KAP in order to support the research process, data processing until the making of research report.

3.3 DATA ANALYSIS

This research includes quantitative research. The sampling technique used purposive sampling technique which obtained 30 samples within 5 years so that obtained 150 units of this research including quantitative research. The sampling technique used purposive sampling technique that obtained 30 samples within 5 years so that obtained 150 units of samples of mining sector companies listed in Indonesia Stock Exchange period 2012-2016. Data analysis method in this research is panel data regression by using Software Eviews 9.0. Equations of panel data model analysis used in this study are as follows:

$$Y = \alpha + \beta 1X11it + \beta 2X2it + \beta 3X33it + \beta 4X44it + e$$

Information :

Y = Audit Delay
α = Constants
β1, β2, β3 β4 = Coefficient of ragresi each independent variable
X1it = Profitability
X2it = Leverage
X3it = Complexity of Company Operations
X4it = KAP Reputation
e = Error term

4. RESULTS AND DISCUSSION

4.1 DESCRIPTIVE STATISTICS ANALYSIS

The results of descriptive statistics of profitability (ROA), leverage (DAR), complexity of company operations, reputation of KAP and dividend policy proxied by DPR are shown in Table 3.1 below:

Table 4.1 Descriptive Statistics Testing Results

Description	Audit Delay	Profitabilitas	Leverage	Complexity Operations	Reputation of Public Acc Firm
Mean	77,43	0,016	0,481	5	0,533
Maximum	273	0,300	1,89	20	1
Minimum	17	-0,721	0,007	1	0
Std. Dev	29,55	0,124	0,287	4	0,500

Source: Secondary data processed, 2018

Based on the above descriptive statistical test table shows that each dependent variable that is audit delay has a mean value of 77.43. The average is greater than the standard deviation of 29.55. This shows that the audit data delay company 2012 - 2016 group or can be said the data tend not to vary. On the profitability variable has a mean value of 0.016. The average is smaller than the standard deviation of

0.124. This shows that the company's profitability data for 2012-2016 varies. In the leverage variable has a mean value of 0.481. The average is greater than the standard deviation of 0.287. This indicates that the company's leverage data for 2012-2016 are grouped. In the variable complexity of the company's operation the mean value of 5. The average is greater than the standard deviation of 4. This shows that the data complexity of the company's operations 2012-2016 grouped. On the KAP reputation variable the mean value is 0.533. The average is greater than the standard deviation of 0,500. This shows that the company's auditor's reputation data for 2012-2016 is in groups.

4.2 REGRESSION EQUATIONS OF PANEL DATA

Based on test results of two models that have been implemented (chow test and hausman test), then the fixed effect model is the appropriate model for this research. Tests in this study were conducted to determine the relationship between independent variables to the dependent variable. This test uses a significance value of 0.05. In table 3.2 will present the results of fixed effect test using Eviews 9.0 software.

Table 4.2 Statistical Test Results Using a fixed effect model

Dependent Variable: AUDITDELAY
Method: Panel Least Squares
Date: 03/03/18 Time: 17:25
Sample: 2012 2016
Periods included: 5
Cross-sections included: 30
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	56.78610	12.90914	4.398906	0.0000
PROFITABILITAS	-51.56031	18.66475	-2.762443	0.0067
LEVERAGE	25.57129	12.59546	2.030199	0.0446
KOMPLEKSITAS	-0.231222	1.452110	-0.159232	0.8738
KAP	19.57900	8.963963	2.184191	0.0310

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.624474	Mean dependent var	77.43333
Adjusted R-squared	0.517644	S.D. dependent var	29.55428
S.E. of regression	20.52600	Akaike info criterion	9.077550
Sum squared resid	48872.73	Schwarz criterion	9.759961
Log likelihood	-646.8162	Hannan-Quinn criter.	9.354792
F-statistic	5.845464	Durbin-Watson stat	2.274677
Prob(F-statistic)	0.000000		

Source: Output Eviews 9.0 (Data processed author, 2018)

4.3 HYPOTHESIS TESTING

4.3.1 HYPOTHESIS TESTING RESULTS SIMULTANEOUSLY (TEST F)

Based on Table 4.2, the statistic F has a Prob value (F-statistic) of 0.000000 <0.05 or below 0.05. Thus, from this result it can be concluded that H01 is rejected and accept Ha1, which means there is a significant simultaneous relationship between profitability, leverage, complexity of company operation and reputation of Accountant Public Firm with audit delay.

4.3.2 HYPOTHESIS TESTING RESULTS PARTIALY (TEST T)

Based on Table 3.2, T test results (partial) then it can be concluded as follows:

1. Probability value (T-statistic) Profitability is 0.0067. The value shows that 0.0067 <0.05, it can be concluded that Ho2 rejected and Ha2 accepted so that Profitabilias partially significant effect on audit delay.

2. The probability (T-statistic) Leverage value is 0.0446. The value shows that 0.0446 <0.05, it can be concluded that Ho3 rejected and Ha3 accepted so that leverage partially significant effect on audit delay.

3. The probability (T-statistic) value of the Company's Operating Complex is 0.8738. The value shows that 0.8738> 0.05, it can be concluded that Ho4 accepted and Ha4 rejected so that the company's operating complexity partially has no effect on audit delay.

4. The value of probability (T-statistic) KAP's reputation is 0.0310 The value indicates that 0.0310 <0.05, it can be concluded that Ho5 is rejected and Ha5 accepted so that the KAP reputation partially affects audit delay.

4.4 DISCUSSION OF RESEARCH RESULTS

4.4.1 EFFECT OF PROFITABILITY ON DELAY AUDITS

Based on the value of probability (T-statistic) profitability of 0.0067. The value is below the level of significance of 0.05 or 5%, and the regression coefficient of -51.56031 which indicates if the company increased profitability then there is a decrease audit delay of -51.56031, and vice versa if the company decreased profitability then variable audit delay has increased. So it can be concluded that Ho2 rejected and Ha2 accepted so that profitability partially significant effect on audit delay with the direction of negative influence. This is in line with the hypothesis that has been built by the author stating that profitability negatively affect audit delay.

Profitability has a significant negative effect on audit delay. This is because, for companies that have a high level of profitability will publish audited financial statements tend to be faster because they want to deliver good news as soon as possible to the public. As for companies that experience losses, the company also provides reasons for the auditors tend to be more careful in doing auditing.

The results of this study are in line with the results of Ningsih and Widhiyani (2015) [9] studies that profitability has an effect on audit delay. In line with the results of research Riyanto (2014) which states the existence of a negative influence between profitability to audit delay.

4.4.2 EFFECT OF LEVERAGE ON AUDIT DELAY

Based on the probability (T-statistic) leverage value is 0.0446. The value is below the level of significance of 0.05 or 5%, and regression coefficient of 25.57129 which indicates if the company increased leverage then increased audit delay of 25.57129 and vice versa if the company decreased, leverage then variable audit delay so it can be concluded that Ho3 is rejected and Ha3 accepted so can be said leverage partially have positive influence to audit delay. This is in line with the hypothesis that has been built by the author who states that leverage positive effect on audit delay.

Leverage has a significant positive effect on audit delay. This is because, for companies that have a high level of leverage will increase the company's failure so that auditors will increase the notion that there is a possibility of financial statements less reliable by users of financial statements. Firms with high leverage portray high financial risks, requiring longer attention and checks. While a company with low leverage describes not having a significant problem in the company's performance resulted in all the

running of the business either without a meaningful obstacle will reveal reports keuangnnya faster to provide a positive signal and a good impression for the company to the public.

The results of this study are in line with the results of research Ratmono and Septiana (2015) states that the leverage ratio has a significant positive effect on audit delay. And in Devi Eka's (2015) study [13] also mentioned that leverage proxied with debt to asset ratio has a positive effect on audit delay.

4.4.3 EFFECT OF COMPLEXITY OF COMPANY OPERATIONS TO AUDIT DELAY

Based on the probability (T-statistic) value of the company's operating complexity is 0.8738. The value is above the level of significance of 0.05 or 5%. So it can be concluded that Ho4 accepted and Ha4 rejected so that the company's operating complexity partially has no effect.

to audit delay. This is not in line with the hypothesis that has been built by the author stating that the complexity of the company's operations have a positive effect on audit delay.

The complexity of the company's operations has no effect on audit delay because although more audit sources from subsidiaries that require audit checks tend to be longer, companies generally anticipate it with greater resources so that operational complexity is not something that reduces the timing of financial reporting . In addition, the auditor would adjust the amount of more resources to be deployed in auditing more complex firms, so that the audit process remains timely.

The results of this study are in line with the results of research conducted by Angruningrum and Wirakusuma (2013) which explains that the complexity of the company's operations does not significantly affect audit delay in addition to the research Darmiari and Ulupui (2014) who also found the company's operating complexity has no effect on audit delay.

4.4.4 EFFECT OF ACCOUNTING PUBLIC FIRM'S REPUTATION TO AUDIT DELAY

Based on the value of probability (T-statistic) Accounting Public Firm reputation of 0.0310. The value is below the level of significance of 0.05 or 5%, and regression coefficient of 19,5790 which indicates if the company is audited by KAP (Public Accountant Office) big four then there will be an increase audit delay of 19,5790 or 19 days, and vice versa if companies audited by Public Accounting Firm non big four, then variable audit delay will also decrease. Then it can be concluded that Ho5 is rejected and Ha5 accepted so that the KAP reputation partially significant effect on the audit delay with the direction of positive influence. This is contrary to the hypothesis that has been built by the author stating that the reputation of Accounting Public Firm negatively affect audit delay.

Accounting Public Firm 's reputation has a significant positive effect on audit delay. That is because, big four Accounting Public Firm will always try to be on time to maintain its reputation. A KAP with a reputable auditor will provide quality audit work that is effective and efficient, so that the audit can be completed in a timely manner. However, the existence of problems in the company also allows the big four to conduct a review of the audit process for the second time if necessary.

The results of this study are in line with the results of research Ariyani & Budhiartha (2014) and Sri Astini & Wirakusuma (2013) stating that the reputation of the Accounting Public Firm has a positive effect on audit delay. In addition to the research Mantik and Sujana (2013) states that the auditor's reputation variable has a significant effect on audit delay.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS

In this study the dependent variable or dependent used is Audit Delay and independent or independent variables are Profitability (ROA), Leverage (DAR), Complexity of Company Operation, Reputation KAP. As for the sample used in this study consists of one hundred and fifty (150) Companies in the mining sector listed on the Indonesia Stock Exchange 2012-2016. Based on the results of analysis using descriptive statistics and panel data regression testing, obtained some conclusions as follows:

1. Based on descriptive statistical analysis, it can be concluded that:

a. The delay audit of mining companies listed on the Indonesia Stock Exchange in 2012-2016 has an average value of 77.43 and from the number of companies of 30, there are 9 companies experiencing delays (more than 90 days) from 2012 to 2016. Value a maximum of 273 days is owned by PT Bumi Resources Tbk (BUMI) and a minimum value of 17 days is owned by PT Central Omega Resources Tbk (DKFT). The delay audit has a standard deviation of less than the mean value which means grouped or homogeneous data.

b. Profitability in mining companies listed in Indonesia Stock Exchange 2012-2016 has an average value of 0.016 and from the number of companies as many as 30 companies, there are 24 companies that during 2012 to 2016 continue to get Return On Asset above average. Maximum value of 0.300 and a minimum value of -0.721 profitability has a standard deviation greater than the mean value which means the data varies.

c. Leverage at mining companies listed in Indonesia Stock Exchange 2012-2016 has an average value of 0.481 and from the number of companies as many as 30 companies, there are 18 companies that during 2012 to 2016 continue to get debt to asset ratio above average. Max value of 1.89 and minimum value of 0.007. Leverage has a standard deviation of less than the mean value which means grouped or homogeneous data.

d. The Company's operating complexity at mining companies listed on the Indonesia Stock Exchange in 2012-2016 has an average value of 5 and from the number of companies of 30 companies, there is 1 sample company which has a subsidiary of a maximum of 20 subsidiaries. Meanwhile, there are 17 sample companies that have 1 subsidiary. Maximum value of 20 subsidiaries and minimum value of 1 subsidiary. The complexity of the firm's operations has a standard deviation of less than the mean value which means grouped or homogeneous data.

e. Accounting Public Firm 's reputation in mining companies listed in Indonesia Stock Exchange 2012-2016 has an average value of 0.533 and from the number of companies of 30 companies, there are 80 sample companies audited by KAP big four, while there are 70 sample companies audited by KAP non big four. Maximum value of 1 and a minimum value of 0. Accounting Public Firm 's reputation has a standard deviation smaller than the mean value which means grouped or homogeneous data.

2. Simultaneously or together Profitability (ROA), Leverage (DAR), Complexity of Company Operation, and Reputation of KAP have a significant effect to Audit Delay of mining company listed on BEI period 2012-2016

3. Profitability (ROA) has a negative effect on Audit Delay mining companies listed on the IDX period 2012-2016

4. Leverage (DAR) positively affects the audit of Delay mining companies listed on the BEI period 2012-2016

5. The Company's Operating Complexity has no effect on the Auditing Delay of mining companies listed on the IDX for the period 2012-2016

6. The reputation of Accounting Public Firm has a positive effect on the Audit Delay of mining companies listed in the period 2012-2016.

5.2 RECOMMENDATION

Based on the results of the research that has been done. The author would like to advise the following :

1. Theoretical aspects

a. For academics

It is expected that this research can provide knowledge and information to the reader, as well as to contribute to the development of science, especially the field of audit, especially on Profitability (ROA), Leverage (DAR), Company Operation Complexity, Accounting Public Firm Reputation and Audit Delay in mining companies 2012-2016 .

b. For the next researcher

This research is expected to be used as literature reference for the next researcher especially those related to the problem of Profitability (ROA), Leverage (DAR), Company Operation Complexity, Accounting Public Firm Reputation and Audit Delay in mining company 2012-2016. And can develop independent variables used by substituting variable measurement proxies, and can add some other independent variables that are considered to have an effect on audit delay.

2. Practical aspects

a. For Auditor Profession

Auditors are advised to consider the profitability, leverage and reputation of Accounting Public Firm in mining companies in considering auditing decisions. This is considering that these three variables are factors affecting audit delay.

b. For the Company

In order for the company to avoid audit delay. Companies are advised to pay attention to management management in achieving profit, debt level and pay attention in the election of big four / non big four Accounting Public Firm. So the company can increase any factors that negatively affect audit delay and minimize factors that have a positive effect on audit delay. Finally, the researcher recommends the company to maintain the adjustment of human resources used to compile the financial statements of companies that tend to be complex or have many subsidiaries, because it can prevent the occurrence of delay in the delivery of financial statements.

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