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FACTORS AFFECTING AUDIT DELAY MODERATED BY PROFITABILITY OF COMPANIES IN THE JAKARTA ISLAMIC INDEX

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Abstract: The financial statements are an important part of the stakeholders or stakeholders as a reference in making investments. This study aims to analyze the effect of company size, auditor opinion, and age of the company on audit delay with profitability as a moderating variable. This research is a quantitative research. Data analysis in this study uses multiple linear regression with EViews 11. The population in this study is all companies listed on the Indonesian Sharia Stock Index in 2015-2018. The sample in this study were 30 companies listed on the Jakarta Islamic Index. The data used in this research is secondary data. The results in this study showed that company size and auditor's opinion no affect the audit delay, while the age of the company influences to audit delay. Company size, auditor opinion, and age of the company are not able to moderate audit delay. This shows that profitability is not able to moderate the three variables.

Keyword: Audit Delay, Company Size, Auditor Opinion, Company Age

INTRODUCTION

The financial statements are an important part of the stakeholders or stakeholders as a reference in making investments. Presentation of financial statements is done periodically both monthly, quarterly, and annually. If there is a bridge in the reporting of financial statements, then this will result in a decrease in the value of benefits to stakeholders.

In presenting financial statements, an audit of the financial statements is required. This is intended to assess whether the financial statements are in conformity with the established standards. The most important part in the auditing process is the opinion of the auditor. Opinion issued by the auditor of the financial statements will affect the decisions of stakeholders in assessing the performance of the company or used for decide to invest or hold shares in the company.

Companies that have a long operating life have certainly gone through several problems and problems. Companies that have been operating for a long time are certainly more complex, so there are many things to note. This will make the company have a good performance. Neither in terms of financial statement management. The company can be said to be professional and credible in presenting financial statements when it can make financial reports completed on time.

According to capital market regulations No. Kep / 36 / pm / 2003 by Bapepam regarding the obligation to submit financial statements ending 31 December 2003, the financial statements must be submitted to Bapepam no later than the end of the third month after the date of the annual financial statements or

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30 days after the annual report begins. Financial statement must contain sections such as the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements. Any company that violates this regulation may be subject to sanctions by Bapepam (Capital Market and Financial Institution Supervisory Agency).

Companies that are late in preparing financial statements will experience delays in the publication of reporting. This also has an impact on the delay in the auditing process. The delay can indicate an indication of a problem in the company. The difference in date between the submission of the financial statements and the auditor's opinion date is commonly referred to as audit delay (Subekti dan Widiyanti 2004)

According to Airlangga (minister of industry) the development of the manufacturing industry in Indonesia became the largest in ASEAN (Association of South East Asia Nations) with contributions reaching 20, 27% on a national scale. The Indonesian manufacturing industry has the largest MVA or Manufacturing value added value among ASEAN countries with an achievement of up to 0.5%. Globally the development of Indonesian manufacturing companies ranks 9. This can be achieved because in Indonesia there is a one trillion club system that is clearly different from other countries.

(Irman 2017) in his research found that company size had a significant effect on audit delay, whereas (Saemargani and Mustikawati 2015) and (Nuryanti and Setyorini 2016) found that company size did not have a significant effect on audit delay. (Saemargani and Mustikawati 2015) also said that company age had a significant effect on audit delay. (Witjaksono and Silvia 2014) stated different things, namely the age of the company partially had no effect on audit delay.

(Kusumawardani 2013) states that audit opinion influences audit delay. The research contradicts (Amcelia, Chomsatu, and Masitoh 2018) which found that auditor's opinion had no effect on audit delay. Then also (Amelia et al. 2018) states that company size, audit opinion, KAP size, and profit and loss are able to be moderated (weakened) by profitability to audit delay. Whereas (Ariani and Bawono 2018)) states that profitability cannot moderate the audit report lag.

Based on the above researchers' findings above because of different findings, the researcher is interested in conducting research with the title **“Factors Affecting Audit Delay Moderated by Profitability of Companies in the Jakarta Islamic Index”.**

Theory *Stakeholder*

Hadi (2014) defines stakeholders as all internal and external parties, namely shareholders, institutions outside the company, and others, both influencing or not being influenced, directly or indirectly. Stakeholder theory is a theory that explains to which parties the company is responsible (Freeman, 1984). Maulida and Adam (2012) said that the emergence of stakeholder theory as a dominant paradigm, reinforced that companies are not only accountable to investors or shareholders but also to stakeholders or stakeholders.

Company Size

According to Rochmawati (2010)) the size of the company is a measure that shows the size or size of a company that is characterized by several measures including total sales, total assets, log size, number of employees, the company's market value, and the book value of the company. Meanwhile, according to

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Ardianti (2013) explains that the size of the company can be seen from the ownership of the total number of assets, the total number of sales per period, the number of employees, and others. When the value of these aspects is greater, the greater the size of the company. According to Ketut Dian and Made Yani (2014) defines the size of the company as the size of the company or the total assets of companies that have been listed in the financial statements that have been audited by logarithms.

Auditor's Opinion

According to SA Public Accountant Professional Standards (SPAP) section 10, the purpose of the audit is to express an opinion about the reasonableness in all material matters, financial position, changes in equity, results of operations, and cash flow in accordance with accounting principles in Indonesia. An audit opinion is a report given by a public accountant as a result of his assessment of the reasonableness of the financial statements provided to the company (Ardiyos, 2007). Audit opinion is the result of the audit process and one of the factors that can describe the quality of the audit (Wibowo and Rosietta, 2009).

Company Age

According to Nugroho (2012) the age of the company is the beginning of the company operating until the company exists to maintain its business. The longer the company is established, the more visible the company will exist in the business world, so that the disclosure is done to create a sense of confidence to outsiders (external) of the quality of the company. According to Febriani (2015) large companies usually have a relatively long life and usually have many investors and are able to survive in the business world so they are able to disclose intellectual capital.

Audit Delay

Audit delay is the difference or time difference, the date of financial reporting with the time and date of publication of financial statements. Audit delay can be measured from the number of days between the date of the financial statements to the date of publication of the financial statements (Kusumawardani 2013) The length of the audit time from the closing date of the financial year to the date of issuance of the audit report is called audit delay (Mujiyanto 2011). Whereas (Wiwik 2015) explained that the audit delay is the page of the audit completion time measured from the closing date of the book to the completion date of the audit report.

Profitability

Profitability is the company's ability to make a profit. According to Sartono (2019) corporate profitability can be measured through Return on Assets (ROA), this ratio measures the company's ability to generate profits by sales, equity capital or total assets.

Hypothesis Development

Effect of Company Size on Audit Delay

Ardiansah (2011) and (Puspitasari and Sari 2012) research found that company size has a positive effect on audit delay, meaning that the greater the total assets of a company, the greater the audit delay, the company that has a large total assets will complete the audit longer compared to companies that have small total assets, this is due to the number of samples that have to be audited more complex. Based on this opinion, the size of the company is hypothesized to have a significant effect on audit delay.

H1 : Company size has a significant effect on Audit Delay.

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Effect of Auditor Opinion on Audit Delay

Saputri (2012) found that the Auditor's Opinion has a positive effect on audit delay, this is due to the process of expressing the opinion of the auditor's opinion involving negotiations with clients, consultation with senior audit partners. Based on this opinion, the auditor's opinion is hypothesized to have a significant effect on audit delay.

H2: Auditor's opinion has a significant effect on Audit Delay.

Effect of Company Age on Audit delay

The longer a company is established, the more complex things it will do within the company, this will make financial statements more complex and will affect the length of time the audit report is completed (Indra and Arisudhana 2012). Based on this opinion, the company's age is hypothesized to have a significant effect on audit delay.

H3: Company Age has a significant effect on Audit Delay

Effect of Company Size, Auditor Opinion an Age of The Company on Audit Delay with Profitability as Moderation

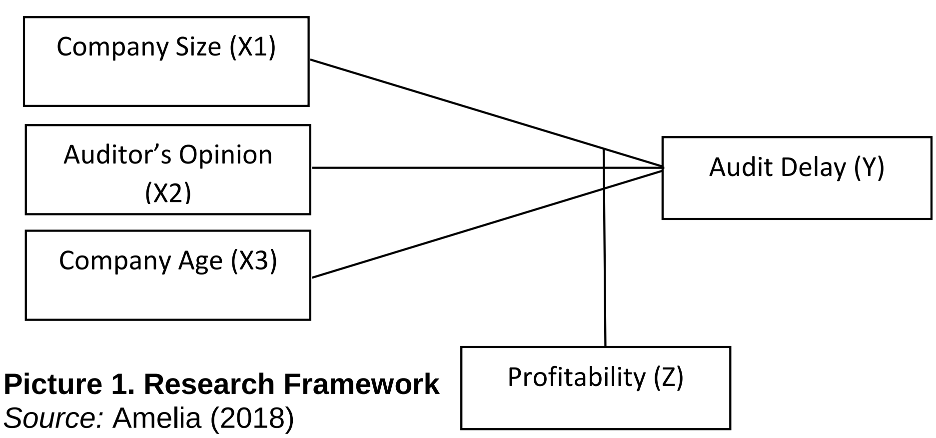
According to (Amani and Waluyo 2016) states that large companies have good internal control so that it makes it easier for auditors to audit on time. A good company is reflected by its total assets. Large companies with large profits will also be able to recruit reputable auditors to audit financial statements in a timely manner to guarantee information for stakeholders (Nur and Sigit 2017).

Profitability is an indicator of a company to be able to generate profits. The longer the establishment of the company means that the company is able to withstand various obstacles that have been passed. Profitability shows the level of success of the company to generate profits. A low level of profitability will affect the length of the audit delay. This is related to the effects caused by the market for the announcement of loss by the company. Companies that can generate profits or profits will tend to have a shorter audit delay, so the company has good news to be immediately reported and conveyed to stakeholders (Najaf and Zhila 2016). (Amelia et al. 2018) showed profitability was able to moderate weakening of audit delay.

H4: Profitability is able to moderate the relationship between company size and audit delay.

H5: Profitability is able to moderate the relationship between auditor opinion and audit delay

H6: Company Age is able to moderate the relationship between company age and audit dela



Picture 1. Research Framework
Source: Amelia (2018)

METHODS

This research is a type of quantitative research. The population in this study is manufacturing companies listed on the Jakarta Islamic Index (JII). The sample in this study were 30 manufacturing companies listed on the Jakarta Islamic Index (JII). Data analysis in this study used EViews 11 with multiple linear regression techniques and Multiple Regression Analyze (MRA). The data in this study use secondary data obtained from financial reports and idx.co.id. The data in this study are panel data (Pooled Data). In this study also does not use the classical assumption test, (Gujarati, 2006) states that panel data do not have to be tested classical assumptions

Operational Definition and Variable Measurement
Dependent Variable

The dependent variable in this study is audit delay, whose reporting is measured 30 days after the year-end closing, December 31.

Independent Variable
Company Size

The size of the company is a measure that indicates the size of a company. In this study using the log total assets as a measurement.

Auditor's Opinion

Audit opinion is the opinion issued by the auditor. In this study using a dummy scale in his research that is WTP given a value of 1 while other than given a value of 0.

Company Age

The age of the company is the length of time the company was established and operated. The age of the company in this study was measured from the company stood up to the end of the company closing the book

Moderating Variable
Profitability

Profitability is the company's ability to make maximum profit. In this study using Return on Assets (ROA) obtained calculated from net income divided by total assets.

Hyphotesis Test
Multiple Regression Analysis

Multiple linear regression is used to test the effect of two or more independent variables (explanatory) on one dependent variable (Ghozali 2017).

$Y = \alpha + \beta1X1 + \beta2X2 + \beta3X3 + e$ ……………

Y	= Audit delay
α	= Constant
β1-β3	= Regression coefficient
X1	= Company size
X2	= Auditor's opinion
X3	= Company age
e	= Error

Moderated Regression Analysis

Moderated Regression Analysis (MRA) is one way to test whether a variable is a moderating variable. Interaction test between variables is called Moderated Regression Analysis (MRA) where this is a special linear multiple application where the regression equation contains elements of interaction that is done by multiplying two or more independent variables (Ghozali 2017).

$Y = \alpha + \beta1X1 + \beta2X2 + \beta3X3 + \beta4Z$ $\beta5X1.Z + \beta6X2.Z + \beta7X3.Z + e$………..

Y	= *audit delay*
α	= Constant
β1-β7	= Regression coefficient
X1	= Company size
X2	= Auditor's opinion
X3	= Company age
Z	= Profitability

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e = Error

RESULTS AND DISCUSSION

Deskriptif Statistical Test

Table 1. Results of Statictical Deskriptif Test

	X1	X2	X3	Y	Z
Mean	7.543172	1.000000	38.65517	26.74713	9.690920
Median	7.492712	1.000000	36.00000	32.00000	6.990000
Maximum	9.238474	1.000000	113.0000	61.00000	46.66000
Minimum	6.683102	1.000000	2.000000	0.000000	-5.720000
Std. Dev.	0.438496	0.000000	21.00655	12.62078	9.785823

Source: Processed data with EViews 11, 2019

Descriptive statistical results in table 1 show that from 2016-2018 audit delay has a minimum value of 0.000000 and a maximum value of 61.00000. The average audit delay is 26.74713 with a standard devision of 12.62078. This means that the companies sampled in this study on average submit their financial statements in a timely manner or below the deadline determined by the Financial Services Authority (OJK).

On the results of descriptive statistics above the size, opinion and age of the company have a minimum value of 6.683102, 1.00 million and 2.000000. The average size, opinion and age value of the company are 7,543172, 1,000000, and 38, 65517 with a standard deviation of 0.438496, 0.000000, and 21.00655. This shows that the companies sampled in this study have an average total asset of between 500 billion to 10 trillion rupiah so that it can be said to be a two-layer company (Mid-Cap Stocks). The auditor's opinion in the company that is sampled above the average also gets a fair opinion. While the average age of the company already has a long and old age of 38 years. Profitability has an average value of 9.690920 and a standard deviation of 9.785823.

Hypothesis test

The multiple regression test in this study uses the Fixed Effect Model, which was tested by the researcher for selection of the model at the beginning

.

Table 2. Results of Multiple Linear Regression Test 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	316.6785	57.94610	5.465053	0.0000
X1	1.14E-09	7.87E-09	0.145133	0.8851
X2	0.054698	4.238142	0.012906	0.9897
X3	-7.508038	1.437890	-5.221566	0.0000

Effects Specification

Cross-section fixed (dummy variables)

Root MSE	8.700395	R-squared	0.519242
Mean dependent var	26.74713	Adjusted R-squared	0.248270
S.D. dependent var	12.62078	S.E. of regression	10.94252
Akaike info criterion	7.900246	Sum squared resid	6585.628
Schwarz criterion	8.807247	Log likelihood	-311.6607
Hannan-Quinn criter.	8.265467	F-statistic	1.916218
Durbin-Watson stat	2.972706	Prob(F-statistic)	0.017419

Source: Processed data with EViews 11 (2019)

Based on the table above shows the results of the regression test with adjusted R-squared value of 0.248270 or 24.8%. This means that 24.8% of audit delay can be explained by variables of company size, auditor opinion, and age of the company. While 76.2% explained by other factors. Then from the F test results obtained a value of 0.017419 < 0.05 this means that simultaneously the dependent variable influences the independent variable.

Effect of Company Size on Audit Delay

The first hypothesis states that firm size affects audit delay. The results of testing the table above the size of the company has a Prob level of 0.8851> 0.05 so it can be concluded that company size has no effect on audit delay, so the first hypothesis is rejected. The size of the company has no effect on the length of the audit delay because it is possible that both companies that have large and small total assets should be aware of the importance of timely financial reporting. These results are in line with (Tina and Marko 2014) which states the size of the company has no effect on audit report lag. But contrary to (Muhammad 2014) which states the size of the company affect the audit delay.

Effect of Opinion's Auditor on Audit Delay

The second hypothesis states that the auditor's opinion affects the audit delay. The results in this study indicate the auditor's opinion has a Prob value of 0.9897> 0.05 so it can be concluded that the auditor's opinion has no effect on the audit delay, so the second hypothesis is also rejected. This is because it is possible in providing an auditor's opinion to have been professional and in accordance with the standards set by the IAI (Indonesian Institute of Accountants). These results are in line with (Saemargani and Mustikawati 2015) which states that the auditor's opinion has no effect on audit delay. However, this result contradicts (Amani and Waluyo 2016) which states that the auditor's opinion affects the audit delay.

Effect of Company Age on Audit Delay

The third hypothesis states that the age of the company affects the audit delay. The results in this study indicate the age of the company has a Prob value of 0.0000 <0.05 and has a coefficient value of -7.508038 this means the company's age has a negative effect on audit delay. So the third hypothesis is accepted, which means that every age of the company increases by 1, it will reduce the audit delay. This might be due to the age of companies that tend to be older, more professionalism and lots of experience. These results are also in line with (Saemargani and Mustikawati 2015) which states that the age of the company affects the audit delay. Whereas (Nuryanti and Setyorini 2016) and (Amani and Waluyo 2016) argued that the age of the company had no effect on audit delay.

Table 3. Results of Multiple Linear Regression Test 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	341.4453	64.34996	5.306069	0.0000
X1	1.11E-09	7.95E-09	0.140287	0.8890
X2	-5.189272	5.911816	-0.877780	0.3841
X3	-7.601029	1.524326	-4.986485	0.0000
X1Z	-0.001154	0.000939	-1.228442	0.2248
X2Z	0.660342	0.488649	1.351363	0.1824
X3Z	-0.007440	0.016213	-0.458883	0.6482

Effects Specification

Cross-section fixed (dummy variables)

Root MSE	8.539331	R-squared	0.536877
Mean dependent var	26.74713	Adjusted R-squared	0.234067
S.D. dependent var	12.62078	S.E. of regression	11.04541
Akaike info criterion	7.931840	Sum squared resid	6344.055
Schwarz criterion	8.923872	Log likelihood	-310.0350
Hannan-Quinn criter.	8.331301	F-statistic	1.772979
Durbin-Watson stat	2.884364	Prob(F-statistic)	0.030635

Source: Processed data with EViews 11 (2019)

Discussion

Effect of Company Size, Auditor Opinion and Company Age on Audit Delay with Profitability as Moderation

The fourth hypothesis states that profitability is able to moderate the effect of company size on audit delay. In the results of this study it is known that the Prob value of 0.2248> 0.05 means that the fourth hypothesis is rejected. It also shows that profitability is not able to moderate the effect of company size on audit delay. This is because these results are in line with (Ariani and Bawono 2018) who find profitability unable to moderate company size to audit delay. Unlike the case with (Devi Eka and Subardjo 2016) which found that profitability was able to moderate the size of the company towards audit delay.

The fifth hypothesis states that auditor opinion is able to moderate the effect of auditor opinion on audit delay. Prob H5 value of 0.1824> 0.05 so that H5 is rejected, which means that profitability is not able to moderate the company's age towards audit delay. The sixth hypothesis shows a Prob value of 0.6482> 0.05 so that H6 is also rejected and means that profitability is not able to moderate the company's age towards audit delay.

So companies that have large assets, good opinion and have a long life of the company cannot be used as a guideline that the company is able to report its financial statements on time and has a large profitability. Companies that have registered will usually immediately report their financial statements without regard to whether this will be good news or bad news for stakeholders because of regulations from the government itself that requires companies that have already reported their financial reports on time or they will be subject to sanctions.

CONCLUSION

The purpose of this study was to analyze the effect of company size, auditor opinion, and company age on audit delay with profitability as a moderating variable. The population of this study are all companies registered with the Jakarta Islamic Index in 2016-2018. The sample in this study were 30 companies listed on the Jakarta Islamic Index. The results of this study indicate that company size and auditor opinion have no effect on audit delay, while company age has an effect on audit delay. Company size, auditor opinion, and age of the company are not able to moderate audit delay. This shows that profitability is not able to moderate the three variables.

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