Factors Affecting Audit Delay with Reputation of Public Accounting Firms as Moderation Variables in Food and Beverage Sub Sector Companies in Indonesia stock exchange

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ABSTRAK

Penelitian ini untuk menguji faktor-faktor yang mempengaruhi audit delay dengan variabel moderasi reputasi Kantor akuntan publik pada perusahaan yang terdaftar di Bursa Efek Indonesia. Pengamatan data dilakukan pada perusahaan sub sektor makanan dan minuman dengan laporan keuangan dari tahun 2015-2018. Jumlah data sampel sebanyak 36 data sampel. Teknik pengambilan sampel datanya menggunakan teknik purposive sampling. Uji statistik menggunakan regresi linear berganda dengan software statistik stata. Hasil statistik menunjukkan bahwa Audit Tenure tidak berpengaruh signifikan terhadap Audit Delay dengan KAP sebagai variabel moderasi dengan nilai signifikansinya 0,724 > 0,05, Leverage tidak berpengaruh signifikan terhadap Audit Delay dengan KAP sebagai variabel moderasi dengan nilai signifikansinya 0,203 > 0,05 dan Profitabilitas berpengaruh signifikan terhadap Audit Delay dengan KAP sebagai variabel moderasi dengan nilai signifikansinya 0,015 < 0,05.

Keyword: Audit delay, audit tenure, profitabilitas, reputasi Kantor akuntan publik
ABSTRACT

This study is to examine the factors that influence audit delay with the moderating variable of public accounting firm reputation in companies listed on the Indonesia Stock Exchange. Data observations were carried out on food and beverage sub-sector companies with financial reports from 2015-2018. The number of sample data is 36 sample data. The data sampling technique used purposive sampling technique. Statistical test using is multiple linear regressions with statistical software STATA.

Statistical results show that Audit Tenure has no significant effect on Audit Delay with KAP as a moderating variable with a significance value of 0.724 > 0.05, Leverage has no significant effect on Audit Delay with KAP as a moderating variable with a significance value of 0.203 > 0.05 and Profitability has a significant effect on Audit Delay with KAP as a moderating variable with a significance value of 0.015 < 0.05.

Keyword: Audit delay, audit tenure, profitability, the reputation of the public accounting Firm
PRELIMINARY

The need for complex information in the business world in Indonesia is unstoppable. Information is needed by internal and external parties of the company, so important this information will have an impact on the progress and growth of the company that companies can compete in the era of globalization. Information is needed for decision making for company managers, for stakeholders information is needed to invest or determine new regulations for policy makers.

Transparent and accountable financial information suitable with existing corporate financial governance will provide certainty for the parties involved. Therefore, the accuracy of financial statement information is very important. Thus, the company is required to provide financial report information every one year period by referring to the latest financial accounting standards or PSAK issued by IAI (Indonesian Institute of Accountants. 2011)

In order for the level of stakeholder trust to be higher so financial reports need to be verified by a public accounting firm, the reputation of the public accounting firm needs to be known by the public in addition to the opinions or audit results submitted.

The submission of financial reports has been regulated through the regulations on the Indonesia Stock Exchange. Although in the process, it is often found that many companies provide late reports within the specified time limit (audit delay).

It is not only in terms of the annual financial statements that are submitted, but also regarding how long the public accounting firm is used by the company concerned (audit tenure), this has become an obstacle for several companies. Where it does not rule out the use of a public accounting firm, there can be a conflict of interest, which essentially provides an audit report that is not appropriate in the field, such as many cases that occur in the business world, for example the case of the Enron company in the United States which drag world-class public accounting firms and world-class companies. so that it will have an impact on the global economy, (Arens, AA, Elder, RJ, Beasley, MS, and Hogan, CE, 2017).

The performance of the company’s financial statements also determines whether the company is good or not. To measure the performance of financial statements, financial report analysis techniques are used. There are various types of financial report analysis, such as; Leverage, Profitability, ROA (return on assets), CAR (capital adequacy ratio) and others (Harahap, Sofyan Syafri. 2015)

The reliability of good financial statement performance will give stakeholders a better level of confidence. Therefore, in this study, the writing is interested in seeing to what extent the relationship and its impact between audit delay, audit tenure, profitability and reputation variables of public accounting firms can provide deeper information for stakeholders in assessing the performance of a company that has gone public in presents its financial statements in accordance with applicable regulations and in accordance with corporate governance. (Harahap, Sofyan Syafri, 2015).

From the description of the background of the problem above, research problems can be formulated as follows:
1. Does Audit Tenure have a significant effect on Audit Delay with the reputation of the public accounting firm as a moderating variable for food and beverage companies listed on the Indonesia Stock Exchange during the 2015-2018 periods?
2. Does Leverage have a significant effect on Audit Delay with the reputation of the public accounting firm as a moderating variable in food and beverage companies listed on the Indonesia Stock Exchange during the 2015-2018 period?
3. Does Profitability have a significant effect on Audit Delay with the reputation of the public accounting firm as a moderating variable for food and beverage companies listed on the Indonesia Stock Exchange during the 2015-2018 periods?
4. Does the reputation of the public accounting firm have a significant influence on the audit delay with the reputation of the public accounting firm as a moderating variable for food and beverage companies listed on the Indonesia Stock Exchange during the 2015-2018 periods?

THEORY AND HYPOTHESIS

1. Audit Tenure
   The period of time in auditing by the public accounting firm or the duration of the audit, explains the length of the KAP's involvement in providing audit services to its clients. The duration of the allocation is based on the number of years the independent auditors prepare the company's financial reports (Agoes, Sukrisno. 2017).
   A study by Fitriyani, et al. (2015) show that audit time has a significant effect on delays in research. If the time allocation between the public financial firm and the client company provides for this allocation, then the auditor can identify the customer industry and a longer allocation will increase the audit efficiency for the auditor to reduce the pay period.
   From the opinions and results of these studies, this research can build a hypothesis as follows:
   H1: Audit tenure has a significant effect on Audit Delay with the reputation of the public accounting firm as a moderating variable.

2. Leverage
   The asset resources used by the company have a tremendous impact on its growth and development.
   According to (Harahap, Sofyan Syafri. 2015) states that utilizing the use of assets or financial resources where companies have to pay fixed costs or pay fixed costs.
   According to (Hery, 2016.) tariffs have a significant effect on delays in research. In running a business in a company, management must be able to generate profits but not only that, company management must be able to fulfill its obligations. Of course, this is a very complex issue for managers, accountants and auditors.
   From the opinions and results of these studies, this research can build a hypothesis as follows:
   H2: Leverage has a significant effect on audit delay with the reputation of the public accounting firm as a moderating variable.

3. Profitability
   The definition of profit according to Hery (2016: 192) states that "Profit is the part used in measuring the ability of a company to earn profits from its regular business activities". In addition, it aims to determine the company's ability to earn a profit at one time.
Lapinayanti research, Ni Made Mega and I Ketut Budiartha. (2018) found that profitability has a significant effect on retention. Companies with high profit rates need less time to check financial details because of the need to spread the good news to everyone as quickly as possible.

From the opinions and results of these studies, this research can build a hypothesis as follows:

**H3:** Profitability has a significant effect on Audit Delay with the reputation of the public accounting firm as a moderating variable.

4. **Reputation of the Public Accounting Firm**

According to (Agoes, Sukrisno. 2017), the size or name of the Public Accounting Firm is a step used to determine the size of the reporting company. The size of the accounting firm can be said to be large if the KAP has branches and its clients are large companies, have more than 25 professional staff, and are affiliated with the Big Four.

The reputation of the Public Accounting Firm is an indication of the size of the KAP, along with the growth of the Public Accounting Firm, the higher the quality of the resulting audit, the company will replace the smaller Public Accounting Firm to a larger Public Accounting Firm to improve the quality and reputation of its financial statements. (Arsih, 2015).

Then to determine the combined hypothesis of the four variables, a hypothesis can be built as follows:

**H4:** Audit tenure, leverage, profitability together have an effect on audit delay with the reputation of the public accounting firm as a moderating variable.

**RESEARCH MODEL**

The research model is a logical description of the research flow that explains the direction of the existing research variables. (Ghozali, Imam. 2016)

The research model with moderating variables which can be described is as follows:

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**Figure 1.1**

Research model with moderating variables
**Explanation:**

a. Independent Variable (X)
   - Tenure (Audit Tenure)
   - Lev (Leverage)
   - ROA (return on assets / profitability)

b. Dependent variable (Y)
   - AD (audit delay)

c. Moderating variable
   - KAP (public accounting firm)

**RESEARCH METHODS**

Observations made in the study found a population of food and beverage companies listed on the Indonesia Stock Exchange in 2015 - 2018.

**Sample**

The sampling technique used in this study was purposive sampling method. The selection of these criteria will be determined in accordance with the research conducted (Ghozali, Imam. 2016). The criteria are:

1. Food and Beverage Companies listed on the Indonesia Stock Exchange (IDX) for the period 2015 to 2018.
2. Food and Beverage Companies that consistently publish Annual Financial Reports for the period 2015 to 2018.
3. Food and Beverage companies whose net profit after tax did not experience a loss during the 2015 to 2018 period.
4. Food and Beverage Companies that issue Annual Financial Statements in Indonesian Rupiah.

In this study, testing was carried out using the SPSS program, namely conducting descriptive tests, classical assumption tests and the STATA program for hypothesis testing with a public accounting firm as a moderating variable.

**DEPENDENT VARIABLES**

*Audit Delay*

Audit delay: the time span for completion of the annual financial statement audit based on the number of days required to obtain an independent auditor's report on the company's annual financial report audit report.

Audit Report Lag = Date of Audit Report - Date of Financial Statements
Audit Tenure
Audit tenure: measured by looking at the length of the relationship between the Public Accounting Firm and its clients, namely by calculating the number of years of engagement in which the auditor from the same KAP has an audit engagement with the auditee, the first year of engagement begins with number 1 and is added by one for subsequent years (Praptika and Rasmini, 2016). This information is seen in the independent auditors' reports for several years to ascertain the length of time the Public Accounting Firm audited the company.

Leverage
The scale used in measuring leverage is the ratio scale. DAR is a ratio that measures the proportion of debt to total assets owned by a company (Hery, 2016) states that the formula for debt to total asset ratio is as follows:

\[
\text{Debt to Asset Ratio (DAR)} = \frac{\text{Total Amount of debt}}{\text{Total Asset}} \times 100\%.
\]

Sources: (Fahmi 2016)

Profitability
Profitability in this study is measured using the Return on Assets (ROA) ratio, in this case it refers to research (Harahap, Sofyan Syafri. 2015). This ratio measures the company’s ability to generate profits based on a certain asset level. Profitability is calculated based on net income divided by total assets.

Profitability = \frac{\text{Net Profit}}{\text{Total Assets}}

MODERATION VARIABLES
Reputation of the Public Accounting Firm
The reputation of the Public Accounting Firm shows auditors affiliated with bigfour and non-big four Public Accounting Firm using dummy variables. The dummy variable is a nominal variable used in multiple regression which is coded 1 and 0. KAPs affiliated with big four Public Accounting Firm are coded 1, while non bigfour KAPs are coded 0.

STATISTICAL TEST RESULT
Descriptive Statistics Test

| Variable | Mean | Std. Dev. | Min | Max | Observations |
|----------|------|-----------|-----|-----|--------------|
| ed       | 77.36111 | 9.560258 | 46  | 89  | N = 36       |
|          | within | 8.304847 | 58  | 86  | n = 9        |
| tenure   | 2.5   | 1.133893 | 1   | 4   | N = 14       |
|          | between | 0      | 2.5 | 2.5 | n = 5        |
|          | within  | 1.133893 | 1   | 4   | T = 4        |
| lev      | 392.5972 | 170.5751 | 90  | 639 | N = 36       |
|          | between | 147.0348 | 160 | 611.5 | n = 9       |
|          | within  | 96.17104 | 62.2222 | 596.2222 | T = 4     |
| roa      | 138.459 | 118.2842 | 9   | 527 | N = 36       |
|          | between | 115.7713 | 24  | 405 | n = 5        |
|          | within  | 41.07707 | -29.3611 | 265.6385 | T = 4     |
| kap      | .6666667 | .4780914 | 0   | 1   | N = 36       |
|          | between | .5    | 0   | 1   | n = 9        |
|          | within  | .6666667 | .6666667 | T = 4     |

Sources: output result STATA, 2020
Based on the table above, it can be concluded as follows:

1. Audit Delay, the independent variable, namely the Audit Delay (AD) variable, shows an average (mean) value of 77.36 with a standard deviation of 9.56. Audit Delay with the lowest value (minimum) of 46 and the highest value (maximum) of 89.

2. Audit tenure, the dependent variable, namely the audit tenure variable (TENURE) shows an average value (mean) of 2.50 with a standard deviation of 1.134. Audit tenure with the lowest (minimum) value of 1.00 and the highest (maximum) value of 4.00.

3. Leverage, the dependent variable, namely the variable Leverage (LEV) shows an average value (mean) of 392.9, with a standard deviation of 0.17068. Leverage with the lowest value (minimum) 0.10 and the highest value (maximum) of 0.64.

4. Profitability (roa), the dependent variable, namely the Profitability variable shows an average (mean) value of 130.63 with a standard deviation of 110.20. Profitability with the lowest (minimum) value of 0.00 and the highest (maximum) value of 0.04.

5. Reputation of Public Accounting Firm dependent variable, namely Public Accounting Firm Reputation variable shows an average value (mean) of 0.66 with a standard deviation of 0.47.

Classic Assumption Test

| Normality Test Result | One-Sample Kolmogorov-Smirnov Test |
|-----------------------|------------------------------------|
|                       | Unstandardized Residual            |
| N                     | 36                                 |
| Normal Parameters*a   | Mean                               |
|                       | Std. Deviation                     |
| Most Extreme Differences | Absolute        | .100                          |
|                       | Positive                           | .100                          |
|                       | Negative                           | -.096                         |
| Kolmogorov-Smirnov Z  | .598                               |
| Asymp. Sig. (2-tailed)| .866                               |

a. Test distribution is Normal.

Sumber: output dengan SPSS, 2020

The results of normality based on the Kolmogorov-Smirnov test in the table show a significant pasa value of 0.866, so this data is normally distributed because the significant value has passed 0.05 and the research model meets the criteria for classical assumptions.

Multicollinearity Test Results

| Model | Collinearity Statistics |
|-------|-------------------------|
|       | Tolerance | VIF    |
| 1    | tenure    | .860   | 1.163 |
|      | lev       | .847   | 1.180 |
|      | roa       | .917   | 1.090 |
|      | kap       | .915   | 1.092 |

a. Dependent Variable: ad

Sources: output result SPSS, 2020
Based on the table, the variable audit tenure, leverage, profitability, reputation of the public accounting firm and company size does not occur multicollinearity in this research model, or there is no significant correlation between each of the independent variables. This can be seen from all Tolerance values above 0.1 and VIF values below 10.

The scatterplot chart above shows that there is no certain pattern on the chart. The points on the graph are relatively evenly spread both above and below the 0 mark on the Y axis. It can be concluded that there is no heteroscedasticity in the regression model, so the regression model is suitable to be used to predict AD based on the input of the independent variables TENURE, LEV, ROA, Public Accounting Firm.

T-test with KAP as a moderating variable

From the table above, it can be seen that the results of the t-test hypothesis with the Public Accounting Office as a moderating variable are as follows:

H1: The Audit Tenure variable in the table above has a significance level of 0.724, which means that the significant value t is greater than the significance level (0.05). This is indicated by the α value of 0.724 > 0.05. It can be concluded that Audit Tenure has no significant effect on Audit Delay with KAP as a moderating variable.
This study is not in line with the results of research by Fitriyani, et al. (2015), namely the longer the assignment period between the Public Accounting Office and the company allows auditors to recognize the client industry, a longer assignment will increase the efficiency of the audit so that it will shorten the audit completion period, be able to complete audited financial reports in a timely manner.

H2: The Leverage variable in the table above has a significance level of 0.203, which means that the significant value of t is greater than the significance level (0.05). This is indicated by the α value of 0.203> 0.05. It can be concluded that Leverage has a significant effect on Audit Delay with the Public Accounting Office as a moderating variable.

This research is in line with the research of Ningsih and Idhiyani (2015), companies with high profitability tend to accelerate audit delay because companies that have higher profitability need faster time to audit financial statements due to the need to convey good news to the public as soon as possible.

Conclusion
Based on the results of the analysis and discussion presented in chapter IV, the conclusions of this study are:
1. The Audit Tenure variable in the table above has a significance level of 0.724, which means that the significant value of t is greater than the significance level (0.05). This is indicated by the α value of 0.724> 0.05. It can be concluded that Audit Tenure has no significant effect on Audit Delay with the Public Audit Office as a moderating variable.
2. The Leverage variable in the table above has a significance level of 0.203, which means that the significant value of t is greater than the significance level (0.05). This is indicated by the α value of 0.203> 0.05. It can be concluded that Leverage has no significant effect on Audit Delay with the Public Audit Office as a moderating variable.
3. The profitability variable in the table above has a significance level of 0.015, which means that the significant value of t is smaller than the significance level (0.05). This is indicated by the α value of 0.015 <0.05. It can be concluded that Profitability has a significant effect on Audit Delay with the Public Audit Office as a moderating variable.

SUGGESTION
For managers, presumably can provide an overview of the financial performance and reputation of the public accounting firm in providing the results of their opinion. Then the public accounting firm can provide meaningful input because the
independence from the Public Accounting Office is very much needed so that the sustainability of the company can continue to progress and develop. Stakeholders in particular can provide a clear picture of the results of the company's performance and the P Accounting Office in providing information that can be accounted for by the public. The last thing is for future researchers to be deeper and more comprehensive in examining the variables that have not been studied in this study so that they can contribute to new science.

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