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Determinant of Audit Delay Among Banking Companies in Indonesia

Safira Putri Nurhaliza [a,1], Rr. Indah Mustikawati [a,2,*]

[a] Universitas Negeri Yogyakarta

[1] safiraptr72@gmail.com, [2] i_mustikawati@uny.ac.id*
* corresponding author

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ABSTRACT

This study aims to analyze the influence of company size, solvency, audit committee meeting frequency, and auditor switching on audit delay among banking companies listed on the Indonesia Stock Exchange during the 2020-2022 period. Using data from 42 banking companies over three years, this research employs multiple linear regression to examine the impact of these variables on audit delay. The results indicate that the frequency of audit committee meetings significantly reduces audit delay, while company size, solvency, and auditor switching do not have a significant effect. The implications of these findings highlight the importance of increasing the frequency of audit committee meetings to ensure timely financial reporting, which in turn enhances transparency and public trust in companies.

ABSTRAK

Penelitian ini mengujji pengaruh ukuran perusahaan, solvabilitas, Penelitian ini bertujuan untuk menganalisis pengaruh ukuran perusahaan, solvabilitas, frekuensi rapat komite audit, dan pergantian auditor terhadap audit delay pada perusahaan perbankan yang terdaftar di Bursa Efek Indonesia periode 2020-2022. Dengan menggunakan data dari 42 perusahaan perbankan selama tiga tahun, penelitian ini menerapkan metode regresi linier berganda untuk melihat pengaruh variabel-variabel tersebut terhadap audit delay. Hasil penelitian menunjukkan bahwa frekuensi rapat komite audit berpengaruh signifikan dalam mengurangi audit delay, sementara ukuran perusahaan, solvabilitas, dan pergantian auditor tidak berpengaruh signifikan. Implikasi dari temuan ini adalah pentingnya meningkatkan frekuensi rapat komite audit untuk memastikan ketepatan waktu pelaporan keuangan, yang dapat memperkuat transparansi dan kepercayaan publik terhadap perusahaan.

1. Introduction

Over the past three years, there has been an increase in the number of companies conducting Initial Public Offerings (IPO), as evidenced by data published on idx.co.id. In 2020, 51 companies launched IPOs, followed by 53 in 2021 and 57 in 2022. This surge in IPO activities has led to a greater obligation for companies to publish their annual reports. According to Financial Services Authority Regulation (POJK) No. 14/POJK.04/2022 regarding the Submission of Periodic Financial Reports of Issuers or Public Companies, Article 4 mandates that issuers or public companies must submit their audited annual financial statements to the Financial Services Authority and disclose them to the public no later than the end of the third month after the fiscal year ends.

The financial statements referred to in this regulation must be audited by a Public Accountant registered with the Financial Services Authority (OJK). One of the key responsibilities of a Public Accountant is to express an opinion on the financial statements based on the audit procedures performed (Tuanakotta, 2017). Handoyo and Maulana (2019) assert that auditors are expected to extend and deepen their audit procedures if they detect or suspect fraud, leading to a longer audit process. Consequently, there is a time gap between the fiscal year-end closing date and the audit report date, known as audit delay. Despite these regulations, some companies continue to miss the deadline for publishing their financial reports. According to data from idx.co.id, 88 companies in 2020, 91 in 2021, and 61 in 2022 were late in submitting their audited annual financial statements to OJK.

Several factors can contribute to audit delay. Natonis and Tjahjadi (2019) indicate that these factors can stem from both internal and external aspects of the company. Research by Safitri and Triani (2021) identifies company size as one factor influencing audit delay. Company size can be measured in various ways, such as total assets, total sales, stock market value, and market capitalization (Ferri and Jones in Safitri and Triani, 2021). Yulianti et al. (2021) found that company size is inversely related to audit delay because larger companies typically face more pressure from external parties. However, Ulfa and Primasari (2017) suggest that company size is directly proportional to audit delay, as larger companies often have more complex audit procedures.

A prominent example of a large Indonesian company is PT Asuransi Jiwasraya (Persero). However, in October 2018, Jiwasraya announced a default on the JS Saving Plan product maturity policy amounting to IDR 802 billion. Insurance observer Ivan Rahardjo, cited in Laucereno (2022), attributed this default to the company's tendency to engage in window dressing of financial statements to conceal solvency issues.

Solvency is a ratio that measures how a company's assets are financed by debt. Natonis and Tjahjadi (2019) state that companies with high solvency ratios tend to prolong audit procedures because auditors become more vigilant regarding the company's sustainability. However, Putra and Wilopo (2017) argue that solvency does not impact audit delay, as companies may have strong internal control systems that mitigate the risk of default.

The exposure of Jiwasraya's window dressing practices concerning its solvency issues also relates to auditor switching. Auditor switching refers to a company's change in the auditor and Public Accounting Firm (KAP) responsible for reviewing its financial statements (Widharma and Susilowati, 2020). Rahmawati et al. (2023) found that auditor switching affects audit delay, as the new auditor needs time to understand the client's characteristics, business environment, and internal control systems.

One of the responsibilities of the Audit Committee is to assess the effectiveness of the company's internal control system (Syofyan et al., 2021). The Financial Services Authority Regulation (POJK) No. 55 of 2015, Chapter IV, Article 13, mandates that the Audit Committee must convene at least once every three months. The term "frequency of Audit Committee meetings" refers to the number of these meetings. Syofyan et al. (2021) suggest that the frequency of Audit Committee meetings influences the timely submission of audited financial reports. This is because each committee member may need discussions, and these meetings enable the Audit Committee to oversee the financial reporting process. However, Kaaround et al. (2020) present a different perspective, arguing that more frequent Audit Committee meetings may result in delays in completing audited financial statements due to potential challenges the committee might face in addressing the company's financial issues.

Data from audited financial statements reveal that 14 banks were late submitting their financial reports in 2020, followed by 3 banks in 2021, and 2 banks in 2022. Given the critical role banks play in business development. As a key financing source, especially in a limited money market, the banking sector is crucial for Indonesia's sustainable economic development. Banks are the backbone of Indonesia's financial system, acting as critical intermediaries in the flow of capital. They facilitate lending, investment, and economic growth. Since banks are highly regulated and critical for business continuity, timely and accurate financial reporting is paramount for maintaining public trust, ensuring transparency, and complying with regulatory standards. Delays in audited financial statements can lead to uncertainty in financial markets, affecting investor confidence and overall economic stability.

While previous studies have explored audit delay across various industries, our study concentrates specifically on banking companies. This sector is crucial to Indonesia's economic development, making the analysis particularly relevant. Furthermore, the recent surge in IPO activities in Indonesia and the stricter reporting regulations (e.g., POJK No. 14/POJK.04/2022) creates a new context for understanding audit delay. The rise in IPOs and regulatory demands may uniquely impact audit timeliness that has not been previously explored.

Agency theory**,** proposed by Jensen & Meckiling (1976) explains the relationship between principals (owners or shareholders) and agents (managers), where the agents are responsible for making decisions on behalf of the principals. This theory focuses on the conflicts of interest that arise because managers, as agents, may not always act in the best interests of the owners or shareholders, leading to information asymmetry. In this case, external audits act as a mechanism to reduce this information asymmetry by providing an independent review of the financial statements.

In banking companies, there is often a separation between ownership (shareholders) and management (agents). Managers may engage in behaviors such as delaying financial reports or manipulating financial results to serve their interests, such as hiding solvency issues, avoiding regulatory scrutiny, or meeting personal targets. This creates a conflict between the interests of the managers and those of shareholders, regulators, and other stakeholders. Audit delays can be a result of this conflict. For example, managers may delay audits if they fear negative consequences from disclosing poor financial performance or solvency issues. The audit process, in turn, becomes a critical tool for external parties (shareholders and regulators) to monitor and verify the accuracy of the company's financial information (Nguyen, 2022).

Auditors, serving as independent monitors, help mitigate agency problems by reviewing financial statements and ensuring their accuracy. However, suppose managers suspect that the audit process will reveal unfavorable information (e.g., insolvency, fraudulent activities). In that case, they may delay the audit to manage the timing of bad news or try to influence the results.

Additionally, external auditors may need to conduct more extensive audits in cases where they suspect financial mismanagement or fraudulent activities, which can prolong the audit and cause delays. This relates directly to the agency problem, where audits are prolonged due to the need for deeper investigations into the actions of managers.

2. Research Methods

The study focuses on banks that have issued annual reports published on the Indonesia Stock Exchange website or their respective company websites from 2020 to 2022. According to data from the Indonesia Stock Exchange, as of December 2023, 47 companies in the banking sector have conducted IPOs. The study employs a purposive sampling technique that involves selecting samples based on specific criteria (Sugiyono, 2014: 216). The criteria used for sampling in this study are as follows:

Table 1. Research Sample Criteria

No.	Description	Does Not Meet the Criteria	Total
1.	Companies engaged in the banking sector listed on the Indonesia Stock Exchange during the research period.		47
2.	Companies engaged in the banking sector that are listed on the Indonesia Stock Exchange consecutively in the 2020-2022 period	(2)	45
3.	Companies engaged in the banking sector that provide data in the financial statements and/or annual reports required in the study during the period 2020-2022.	(3)	42
Number of companies engaged in the banking sector that meet the sample criteria			42
Total sample (42 x 3 years)			126

2.1. Variable Operational Definition

This study examines factors contributing to audit delay, including company size, solvency, the frequency of audit committee meetings, and auditor switching. Audit delay refers to the time gap between the company's fiscal year-end closing date and the issuance date of the audit report (Wijasari and Wirajaya, 2021). Company size is determined by the total assets a corporation owns, which is considered to reflect its stability. Solvency is assessed using the Debt to Assets Ratio (DAR), which indicates the proportion of a company’s debt-financed assets. The frequency of audit committee meetings is quantified by the number of meetings recorded in the issuer’s annual report for a year. Auditor switching is analyzed using a dummy variable, where companies that engage in auditor switching are assigned a value of 1, and those that do not are assigned a value of 0.

2.2. Data Analysis Technique

This study uses multiple linear regression analysis to examine audit delay. The equation is expressed as $Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4$. The determination of the acceptance or rejection of the hypothesis is contingent upon the significance value attributed to the independent variable on the dependent variable and the Fcount value.

3. Results and Discussion

3.1 Results

Descriptive Statistical Analysis

A total of 42 enterprises operating within the banking sector have been identified as fulfilling the specified criteria, which require a temporal span of three years of financial statements; consequently, the dataset utilized in this research comprises 126 distinct data points. The descriptive statistical analysis elucidated in this study encompasses Minimum Value, Maximum Value, Mean (M), and Standard Deviation (SD). Presented below are the outcomes derived from the descriptive statistical analysis.

Table 2. Descriptive Statistical Analysis of Research Variables

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
Audit Delay	126	18	145	65.75	28.889
Company Size	126	14.60	32.59	21.0898	4.80818
Solvency	126	5.04	91.89	72.7561	21.55417
Audit Committee Meeting Frequency	126	4	41	12.26	7.927
Auditor Switching	126	0	1	0.45	0.500

Classical Assumption Test

Data Normality Test

The data normality test is employed to assess whether the variables in the study are normally distributed. In this research, the Kolmogorov-Smirnov test was utilized to evaluate data normality. The decision criterion for this test is based on the significance or probability value. If the significance value exceeds 0.05, the data is considered to be normally distributed. Conversely, the data is deemed not normally distributed if the significance value is less than 0.05. The results of the Kolmogorov-Smirnov test in this study indicate a significance value of 0.200. Since this value is greater than 0.05, it can be concluded that the data in this study are normally distributed.

Table 3. Normality Test Results

		Unstandardized Residual
N		126
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	23.75227647
Most Extreme Differences	Absolute	0.037
	Positive	0.032
	Negative	-0.037
Test Statistic		0.037
Asymp. Sig. (2-tailed)		0.200[c,d]

Autocorrelation Test

According to Santoso (2006: 213), the autocorrelation test is used to assess whether there is a correlation between residuals from the current period (t) and the previous period (t-1) in a linear regression model. In this study, the Durbin-Watson test was employed to measure autocorrelation. The data is considered free from autocorrelation symptoms if the Durbin-Watson (d) value falls between dU and (4-dU). The Durbin-Watson test results in this study yielded a value of 1.988, based on 126 data points and 4 independent variables. The calculated values indicate that dL is 1.6443 and dU is 1.7751, while 4-dU is 2.2249. Since the Durbin-Watson value lies within the range of $dU < DW < 4-dU$ ($1.7751 < 1.988 < 2.2249$), it can be concluded that this study is free from autocorrelation.

Table 4. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.569[a]	0.324	0.302	24.142	1.988

a. Predictors: (Constant), Auditor Switching, Solvency, Fr Frequency of Audit Committee Meetings, Company Size
b. Dependent Variable: Audit Delay

Multicollinearity Test

Multicollinearity occurs when a perfect or nearly perfect linear relationship exists between independent variables in a regression model, indicated by a correlation value of 1 or close to 1. This study assessed multicollinearity by calculating the Tolerance and Variance Inflation Factor (VIF) values. To confirm the absence of multicollinearity, the Tolerance value should be greater than 0.1, and the VIF value should be less than 10. The table indicates that each independent variable has a

VIF value below 10 and a Tolerance value above 0.1. Therefore, it can be concluded that there are no signs of multicollinearity in the data used in this study.

Table 5. Multicollinearity Test Results

Variabel	Tolerance	VIF	Keterangan
Company Size	0,950	1,053	There is no multicollinearity
Solvency	0,958	1,044	There is no multicollinearity
Audit Committee Meeting Frequency	0,956	1,046	There is no multicollinearity
Auditor Switching	0,997	1,003	There is no multicollinearity

Heteroscedasticity Test

The heteroscedasticity test is carried out to assess if the residuals of one observation differ in variance from those of another in a regression model. According to Ghozali (2011), a homoscedastic model or one with no heteroscedasticity is a suitable regression model. The glejser test was used to detect heteroscedasticity in this study. If the sig value ≥ 0.05 then there is no heteroscedasticity.

Based on the table above, it is known that all independent variables have a Sig value of more than 0.05. Thus, there are no signs of heteroscedasticity in the data used in this study.

Table 6. Heterocedasticity Test Results

Variabel	Sig	Keterangan
Company Size	0,271	Homogeneous
Solvency	0,322	Homogeneous
Audit Committee Meeting Frequency	0,937	Homogeneous
Auditor Switching	0,878	Homogeneous

Hypothesis Test

First Hypothesis Test

Table 7. First Hypothesis Test Results

Var.	Koef. Regresi	t_{count}	Sig.	t_{table}
Constant	59,383			
Company Size	0,302	-0,420	0,577	1,980
R Square	0,003			

Based on the table above, it is known that the Significance value > 0.05, which is 0.577 and the t_{count} of -0.420 < t_{table} of 1.980. The t_{count} value which is less than the t_{table} indicates that the Company Size variable does not affect Audit Delay. The hypothesis stating that Company Size affects Audit Delay in banks listed on the Indonesia Stock Exchange for the period 2020-2022 is rejected.

Second Hypothesis Test

Table 8. Second Hypothesis Test Results

Var.	Koef. Regresi	t_{count}	Sig.	t_{table}
Constant	63,878			
Solvency	0,026	1,303	0,831	1,980
R Square	0,000			

Based on the table above, it is known that the Significance value > 0.05, which is 0.831 and the t_{count} of 1.303 < t_{table} of 1.980. The t_{count} value which is less than the t_{table} This suggests that the Company Size variable does not influence Audit Delay. Additionally, the hypothesis proposing that

Solvency affects Audit Delay in banks listed on the Indonesia Stock Exchange for the 2020-2022 is not supported.

Third Hypothesis Test

Table 9. Third Hypothesis Test Results

Var.	Koef. Regresi	t_{count}	Sig.	t_{table}
Constant	90,724			
Audit Committee Meeting Frequency	-2,037	-7,575	0,000	1,980
R Square	0,312			

Based on the table above, it is known that the Significance value < 0.05, which is 0.000 and the t_{count} of -7.575 > t_{table} of 1.980. The t_{count} value which is more than the t_{table} The findings indicate that the Audit Committee Meeting Frequency variable significantly impacts Audit Delay. The R-Square value of 0.312 suggests that 31.2% of the variation in Audit Delay can be attributed to the frequency of Audit Committee meetings. The remaining 68.8% is influenced by factors not examined in this study. Therefore, the hypothesis that the frequency of audit committee meetings affects audit delays in banks listed on the Indonesia Stock Exchange for the 2020-2022 period is supported.

Fourth Hypothesis Test

Table 10. Fourth Hypothesis Test Results

Var.	Koef. Regresi	t_{count}	Sig.	t_{table}
Constant	66,087			
Auditor Switching	-0,754	-0,006	0,885	1,980
R Square	0,000			

Based on the table above, it is known that the Significance value> 0.05, which is 0.885 and the t_{count} of -0.006 < t_{table} of 1.980. The t_{count} value which is less than the t_{table} the findings suggest that the variable concerning Auditor Switching does not influence Audit Delay. Consequently, the hypothesis positing that Auditor Switching impacts Audit Delay within banks listed on the Indonesia Stock Exchange from 2020 to 2022 is not supported.

Fifth Hypothesis Test

Table 11. Fifth Hypothesis Test Results

Variable	Regression Coefficient	Sig.
Constant	86,018	
X_1	-0.193	0.675
X_2	0.133	0.195
X_3	-2.111	0.000
X_4	-0.024	0.996
F_{count}	14,498	
F_{table}	2,45	
R Square	0,324	
Sig. F	0,000	

Based on the table above, it is known that the R Square value is 0.324. This means that the effect of Company Size, Solvency, Audit Committee Meeting Frequency, and Auditor Switching on Audit Delay is 32.4% and the remaining 67.6% is influenced by other factors outside the study.

The magnitude of the regression coefficient value is -0.193, 0.133, -2.111, and -0.024 with a constant number of 86.018. Based on these numbers, the regression line equation can be arranged as follows.

$$Y = 86{,}018 - 0{,}193\ X_1 + 0{,}133\ X_2 - 2{,}111\ X_3 - 0{,}024\ X_4$$

In addition, it is also known that the F_{count} value is 14.498, which is greater than the F_{table} which is 2.45. In addition, the Sig. F value has a value of 0.000 which means less than 0.05%. This means that Company Size, Solvency, Audit Committee Meeting Frequency, and Auditor Switching simultaneously affect Audit Delay.

Based on the data analyzed, the frequency of Audit Committee meetings significantly impacts Audit Delay, as evidenced by a significance value (Sig.) of 0.000, which is below the 0.05% threshold. In contrast, the variables of Company Size, Solvency, and Auditor Switching do not significantly affect Audit Delay, with significance values of 0.675, 0.195, and 0.996, respectively, all of which exceed the 0.05% threshold.

3.2. Discussions

The Effect of Company Size on Audit Delay

The first hypothesis, according to the study's findings, that Company Size affects Audit Delay, is rejected. This is proven by the 0.577 significance value, which is greater than 0.05, and the -0.420 tcount value, which is lower than the 1.980 ttable value. The regression coefficient value is 0.302, indicating a positive relationship.

This study aligns with the investigations conducted by Sodikin Manaf, Putu Sulastri, Agus Pitoyo, and Anton Sujarwo, titled “Determinants of Audit Delay in Companies Listed on the Indonesia Stock Exchange during the Covid-19 Pandemic” in 2023, as well as the research undertaken by Vicky Anggel Putra and R. Wilopo, entitled “The Effect of Company Size, Accounting Firm Size, Solvency, Auditor Switching, and Audit Opinion on Audit Delay” in 2017. The findings indicated that Company Size does not exert a statistically significant influence on Audit Delay. According to Putra and Wilopo (2017), this phenomenon can be attributed to the study's sample consisting of companies listed on the Indonesia Stock Exchange, which inherently entails obligations for transparency and information disclosure, thereby ensuring that all shareholders are equipped with the requisite information to facilitate informed investment decisions. This scenario influences the degree of public scrutiny directed towards the condition of the company. Both large and small enterprises are subjected to analogous pressures to disseminate their financial statements. Nevertheless, companies strive to adhere to existing regulations by issuing their financial reports in a punctual manner, consistent with the Financial Services Authority Regulation (POJK) Number 14 / POJK.04 / 2022 concerning the Submission of Periodic Financial Statements of Issuers or Public Companies, as delineated in Article 4.

Moreover, an additional variable contributing to the absence of a significant effect of Company Size on Audit Delay is the auditors' commitment to operate in conformity with the extant Public Accountant Professional Standards (SPAP), regardless of whether they are engaged with corporations possessing substantial total assets or otherwise (Manaf et al., 2023). The Code of Ethics for Public Accountants, specifically Section 110, elucidates five fundamental ethical principles, including integrity, objectivity, and professional competence and prudence. In the execution of their responsibilities, auditors are expected to maintain transparency and honesty in all professional affiliations (integrity) and refrain from compromising their professional or business judgment due to biases, conflicts of interest, or undue influence from external entities (objectivity). Furthermore, subsection 113 concerning professional competence and prudence stipulates that one of the requisite conditions in this context is to act diligently and in alignment with the pertinent professional and technical standards.

The Effect of Solvency on Audit Delay

The second hypothesis, according to the study's findings, that Solvency affects Audit Delay, is rejected. This is proven by the 0.831 significance value, which is greater than 0.05, and the-1.303 tcount value, which is lower than the 1.980 ttable value. The regression coefficient value is 0.026 and has a positive direction.

This study corroborates the findings of Ratrynda Ulfa and Nora Hilmia Primasari's research, titled "The Effect of Accounting Profit, Audit Opinion, Solvency, and Company Size on Audit Delay (Empirical Study of Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2012-2015 Period)" (2017). Their results indicate that Solvency does not influence Audit Delay. This outcome can be attributed to Section 210 of the Audit Standards within the Public Accountant Professional Standards (SPAP), which stipulates that individuals with adequate technical expertise and training must conduct audits. Consequently, auditors are well-equipped to handle the audit of companies with high debt levels or financial difficulties, impacting the timely completion of audit reports.

Furthermore, research by Vicky Anggel Putra and R. Wilopo, titled "The Effect of Company Size, Accounting Firm Size, Solvency, Auditor Switching, and Audit Opinion on Audit Delay" (2017), supports this conclusion. Putra and Wilopo (2017) state that a robust internal control system minimizes errors in financial statement presentations, including in liability or debt accounts. Regardless of their solvency levels, companies are equally motivated to publish their financial statements promptly due to regulatory requirements that apply uniformly to all listed companies on the Indonesia Stock Exchange. This adherence to regulations aligns with compliance theory, which asserts that regulatory authority is binding on all companies, granting the authority the power to regulate corporate behavior (Sutinen and Kuperan, as cited in Wijayanti et al., 2019). In this context, companies comply with the Financial Services Authority Regulation (POJK) Number 14 / POJK.04 / 2022 concerning the Submission of Periodic Financial Statements of Issuers or Public Companies, Article 4.

The Effect of Audit Committee Meeting Frequency on Audit Delay

The results of this study support the third hypothesis which states that the Frequency of Audit Committee Meetings has an effect on Audit Delay. This is evidenced by the significance value which is less than 0.05, which is 0.000 and the tcount value of -7.575 which is then collapsed to 7.575 which is more than the ttable value of 1.980. The regression coefficient is -2.037, indicating a negative relationship. This suggests that an increase in Audit Committee Meeting Frequency is associated with a decrease in Audit Delay. Conversely, the correlation coefficient (R) is 0.559, and the coefficient of determination (R^2) is 0.312. This implies that Audit Committee Meeting Frequency accounts for 31.2% of the variation in Audit Delay, with the remaining 68.8% attributable to factors not covered in this study.

This scholarly investigation aligns with the empirical study executed by Efrizal Syofyan, Dovi Septiari, Sany Dwita, and Mutia Rahmi, entitled "The Characteristics of the Audit Committee Affecting Timeliness of the Audit Report in Indonesia," published in 2021. The findings of this research elucidate that the Frequency of Audit Committee Meetings exerts a significant influence on Audit Delay. This phenomenon arises from the elevated frequency of Audit Committee meetings, which enables each member to engage in deliberations and maintain effective oversight of the financial reporting process consistently.

Moreover, research conducted by Muhammad Rifqi Abdillah, Agus Widodo Mardijuwono, and Habiburrochman, titled "The Effect of Company Characteristics and Auditor Characteristics to Audit Report Lag" in 2019, corroborates these findings. Abdillah et al. (2019) assert that the frequency of audit committee meetings, which constitute one dimension of evaluating the efficacy of the audit committee, significantly impacts audit delays. This impact is attributable to the Audit Committee's role in overseeing the financial reporting process, a fundamental aspect of corporate governance. The Audit Committee's presence motivates management to deliver financial reports punctually. Conversely, the Audit Committee also shapes the efficacy of a corporation's internal control mechanisms. Consequently, this dynamic reduces substantive testing performed by auditors, given that the corporation exhibits robust risk management practices.

The Frequency of Audit Committee Meetings is delineated in the Financial Services Authority Regulation (POJK) Number 55 of 2015, specifically within Chapter IV, Articles 13 through 16, which stipulates that the Audit Committee must convene at least once every three months. The adherence to established regulations is congruent with compliance theory, which posits that every organization is obligated to comply with the directives promulgated by the legal drafting authority, as it possesses the jurisdiction necessary to regulate corporate conduct (Sutinen and Kuperan in Wijayanti et al., 2019).

The Effect of Auditor Switching on Audit Delay

The fourth hypothesis, as derived from the empirical evidence of the study, posits that Solvency exerts a significant influence on Audit Delay; however, this hypothesis is ultimately dismissed. This conclusion is substantiated by the significance value of 0.885, which exceeds the threshold of 0.05, in conjunction with a t-count value of -0.006, below the critical t-table value of 1.980. Furthermore, the regression coefficient is calculated at -0.754, indicating a negative relationship.

This investigation aligns with the study conducted by Sodikin Manaf, Putu Sulastri, Agus Pitoyo, and Anton Sujarwo, entitled “Determinants of Audit Delay in Companies Listed on the Indonesia Stock Exchange during the Covid-19 Pandemic” in the year 2023. The findings indicated that Auditor Switching does not significantly affect Audit Delay.

This phenomenon can be attributed to auditors adhering strictly to established audit methodologies and operating following the prevailing Public Accountant Professional Standards (SPAP), irrespective of whether they are newly appointed or tenured auditors. Moreover, both Public Accountants and Public Accounting Firms are motivated to uphold their professional reputation by ensuring the prompt execution of audit processes.

The Effect of Company Size, Solvency, Audit Committee Meeting Frequency, and Auditor Switching on Audit Delay

The results of this study support the fifth hypothesis, which states that Company Size, Solvency, Audit Committee Meeting Frequency, and Auditor Switching affect Audit Delay. This is evidenced by the F value of 14,498 and the Sig. F value of 0.000. The Fcount value is more than Ftable, which has a value of 2.45 and a Sig. F value of less than 0.05% is evidence that the variables of Company Size, Solvency, Audit Committee Meeting Frequency, and Auditor Switching simultaneously affect Audit Delay.

The coefficient of determination is 0.324, indicating that Company Size, Solvency, Audit Committee Meeting Frequency, and Auditor Switching collectively account for 32.4% of the variance in Audit Delay. The remaining 67.6% of the variance is attributed to factors not examined in this study.

4. Conclusion

The study reveals that a company's size does not significantly impact long-term stock estimates on the Indonesia Stock Exchange for 2020-2022. However, the frequency of audit committee meetings affects audit delay, not statistical delay. Firm size, margins, frequency of committee meetings, and auditor turnover affect lag estimates, accounting for 32.4% of the variation in estimate delay. The remaining 67.6% is due to other variables not included in the analysis. The limitation of this study is that it focuses on specific variables such as company size, audit committee meeting frequency, firm margins, and auditor turnover. Other potentially influential factors affecting audit delays, such as industry-specific conditions, regulatory changes, or internal company practices, were not examined.

Furthermore, the research adds valuable insights into the dynamics of audit delays in the Indonesian market, filling a gap in literature specific to this region and providing a basis for further research in similar emerging markets. In addition, companies should focus on optimizing the frequency and effectiveness of audit committee meetings to reduce audit delays. This could involve reviewing and revising their governance practices. This study provides a focused analysis of audit delay within the banking sector, which is highly regulated and critical for economic stability. Unlike many previous studies that covered a broad range of industries, this research offers specific insights into how audit delays function in a sector where transparency and timely reporting are paramount.

The findings of this study offer important insights for investors and stakeholders within the banking sector. The frequency of audit committee meetings can serve as a useful metric for evaluating a bank's dedication to timely and accurate financial reporting, which in turn signifies effective corporate governance. This research opens up avenues for exploring additional factors not covered in this study, such as the impact of regulatory changes, internal audit quality, or economic conditions on audit delay. It also encourages more sector-specific research on audit delay, which can deepen understanding of industry-specific challenges.

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