Abstract: audit report lag has become a phenomenon that cannot be denied is one of the problems that is quite disturbing. Audit report lag is detrimental to users of financial statements. Users of financial statements take longer to receive financial statements, even though they want to use the financial statements as a decision-making tool. This study aims to provide empirical evidence of the influence of profitability, leverage, audit opinion, and reputation of public accounting firms on audit delay in listed manufacturing companies in the Indonesia Stock Exchange. This research is quantitative, using secondary data. The population of this study is the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2014-2017. The testing of the hypothesis used in this study is multiple linear regression analysis. After passing the data processing process that is processed in SPSS, the results of the study show that leverage affects audit delay, while profitability, audit opinion, and the reputation of public accounting firms do not significantly influence audit delay. In this study, the authors did not test together the effect of all variables on audit delay.

Keywords: audit delay, profitability, leverage, audit opinion, reputation of firm

I. INTRODUCTION

Financial statements are an important thing in every company, because it becomes a bridge for outsiders with the company. But, of course the company wants to have financial reports that look good from the outside. To overcome these irregularities, both parties must appoint a third party, namely the Auditor. The auditor, as an independent party, has the duty to provide an opinion on the company's financial statements by auditing or auditing [1], [2]. The development of the capital market in Indonesia which is increasingly marked by the growing development of companies that go public resulted in increased demand for financial statement audits [3]. Financial statements that provide information regarding the financial position of a company are often used as a basis by investors for making decisions about a company. A financial statement fulfills its usefulness if it is presented accurately and in a timely manner. Timeliness is the most important characteristic of financial statements. For those who are interested in the company's financial condition, accurate and timely information is very important to determine the decision making. The shorter the time interval between the end of the accounting period and the date of publication of the financial statements, the more profit will be derived from the financial statements.

Audited financial statements can increase the confidence of users of financial statements on financial statements produced by the company. Based on the Basic Framework for the Preparation and Presentation of Financial Statements of Financial Accounting Standards [4], financial statements must meet four qualitative characteristics that are characteristic of financial statement information that is useful for its users. These four characteristics are understandable, relevant, reliable, and comparable. To obtain relevant information, there are several obstacles, one of which is the timeliness constraint. This is in accordance with PSAK No. 1 concerning Presentation of Financial Statements paragraph 43; that is if there is an undue delay in reporting, the information produced will lose its relevance. Therefore, an audit of financial statements needs to be done so that users of financial statements feel more confident about the quality of financial statements issued by the company. In addition, audits of financial statements conducted by independent auditors will provide benefits such as increasing the credibility of financial statements, reducing company fraud, and providing a more reliable basis for tax reporting and other financial statements that must be submitted to the government.

[5] stated that financial statements are information that can contain both good news and bad news. If the financial statements are submitted late it will cause a negative reaction from capital market players and can influence investment decisions. Meanwhile, according to [6] the timely delivery of financial statements is very important for companies going public using the capital market as a source of funding. Late submission of financial statements can be influenced by the length of time the audit is completed by the auditor. The faster the audit work is completed, the faster the financial statements are published and vice versa. According to [7], the shorter the time period between the end date of the fiscal year and the date of publication of financial statements, the greater the benefits obtained by users of financial statements. Conversely, a lag in publishing financial statements will encourage uncertainty in making decisions based on information contained in the financial statements. The time difference between the dates of the financial statements with the date of the audit opinion in the financial statements indicates the length of time the settlement is carried out by the auditor, this condition is often called audit report lag.

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Regarding financial information, one of them can be seen from the timeliness of the financial statements presented. The desire to present financial statements on time is often faced with various obstacles. One obstacle is the necessity of financial statements to be audited by public accountants. The process of achieving timeliness, especially in the presentation of independent auditors’ reports, is not easy, given the increasing development of public companies in Indonesia. This obstacle in timeliness is also evident from the Public Accountant Inspection Standards (SPAP) in the standard which states that audits must be carried out with great care and accuracy as well as gathering adequate evidentiary tools. Meeting the audit standard can have an impact on the length of the audit report completion, but also has an impact on improving the quality of the audit results. Conducting audits that are increasing in line with standards requires more time. With these obstacles, it is possible for public accountants to postpone the publication of audit reports and audited financial statements.

The annual financial statements and independent reports of public companies are reported no later than 90 days after the date of the annual financial statements in the FSA in accordance with the attachment to the Financial Services Authority number: 29 /POJK/04/2015 [8]. However, today there are still several companies that go public that are still past the specified time limit. This can be called an audit delay. Example this three food and beverage companies, namely Siantar top, Mayora, and Three pillars which experienced delays during 2012-2016, with the fastest day which was 71 days and the longest day was 161 days.

II. LITERATURE REVIEW AND HYPOTHESIS

A. Audit Report Lag

Audit report lag occurs because the published financial statements must be audited first by the auditor [7]. The annual financial statements must be accompanied by an accountant's report with the usual opinion and submitted to the FSA no later than the end of the third month after the date of the annual financial statements. The annual financial report must be announced to the public and the announcement must contain the opinion of the accountant.

Audit report lag is the length of time the audit is completed, measured from the closing date of the book to the date of issuance of the audit report. Audit delays are the time span measured by the length of days in completing the audit process by the independent auditor from the closing date on December 31 to the date stated in the independent auditor's report. In this study, we are using financial statements that have a book cap as of December 31 until the publication of the audit report.

According to [9] dividing the criteria of delay or lag into three, namely:

1. Preliminary lag. It is the interval between the end of the fiscal year to the date the capital market has received the predecessor.
2. Auditor's signature lag. Is the interval between the end of the fiscal year to the date stated in the auditor's report. From this definition the Auditor's signature lag is another name for the delay in the audit.

3. Total lag. It is the interval between the end of the fiscal year to the date when the market annual financial report is received capital.

In this study the authors used calculations using the criteria of Auditor’s Report Lag, which can be calculated by the formula:

Audit delay = Date of auditor's report - Date of financial statement

B. Profitability

Profitability is the company's ability to make a profit in relation to sales, total assets and own capital. According to [7], profitability ratios are ratios to assess a company's ability to seek profits. Ratios profitability ratio is the ratio used to measure the efficiency of the use of company assets or the ability of a company to generate profits during certain period (usually semester, quarterly and others) to see the company's ability to operate efficiently. The essence of the experts' opinion above is the use of this ratio (profitability) shows the efficiency of the company.

Relationship of Profitability with audit report lag according to [10] profitability describes the level of effectiveness of operational activities that can be achieved by the company. According to [11] if the company's profitability is low, the auditor will carry out his audit duties more carefully because there is a higher business risk that will slow down the audit process and lead to the issuance of longer auditing reports.

H1: Profitability affects audit report lag

C. Leverage

Financial leverage is the use of certain sources of funds that will result in fixed costs in the form of interest costs. The source of these funds can be in the form of debt bonds, credit and banks and so on. Financial leverage arises if a company uses long-term debt with fixed interest to finance its investment, because of this fixed nature, the company continues to bear interest regardless of whether the company makes a profit or not. When company profits are small, fixed interest costs will reduce yields to shareholders. Instead interest costs are fees that can be taxed. Therefore companies receive subsidies on interest expenses. Under these conditions, the interest subsidy will increase returns to shareholders (profit after tax). Thus, financial leverage measures the level of return sensitivity for each share (EPS) due to changes in income before interest and taxes (EBIT).

According to [12] leverage ratio is the company's ability to meet its liability. If the company has a high leverage ratio, the risk of loss will increase. Therefore, to gain confidence in the company's financial statements, the auditor will increase his prudence so that the audit report lag span will be longer.

H2: Leverage affects audit report lag

D. Audit Opinion

Audit opinion according to the accounting standard dictionary[13] is a report provided by a registered public accountant as a result of its assessment of the fairness of the financial statements presented by the company. Whereas according to the dictionary of accounting terms [14] an audit opinion is a report provided by a registered auditor stating that the audit has been carried out in accordance with the norms or rules of the accountant's audit accompanied by an opinion on the reasonableness of the
audited financial statements. According to [9], the audit opinion is a fairness conclusion on the information that has been audited. It is said to be reasonable in the field of auditing if it is free from doubts and dishonesty (free from bias and dishonesty), and complete information (full disclosure). This of course is still limited by the concept of materiality.

In [7], it states that there is a relationship between the type of auditor's opinion and audit delay. Companies that receive qualified opinions show a longer audit delay than those who receive unqualified opinions. The results of this study are supported by [15]. Opinions generated by the auditor can affect the length of time the audit report is issued, because in the process of giving an opinion it involves negotiations with the client, consultation with the auditor partner, and so on. While unqualified opinion by auditors will support the company's good news so it wants to immediately publish financial statements annual company to the public.

H3: The type of auditor's opinion affects audit report lag

E. Audit Firm Reputation

In accordance with research by [16], in submitting a report or information on the company's performance to the public that is accurate and reliable, companies are asked to use the services of audit firm. And to increase the credibility of the report, the company used the services of a reputable or reputable audit firm. This is usually indicated by a audit firm affiliated with a large, universally accepted audit firm known as the Big Four Worldwide Accounting Firm or Big Four.

The high quality of public accounting firms is shown by the high quality of service results, which in turn will have an impact on the audit completion period. Time fast audits are one of the high quality audit firm ways to maintain their reputation. In this study, auditor quality is proxies by the size of the audit firm that audits the annual financial statements, referring to whether the relevant audit firm is affiliated with the big four [16].

Research by [17] shows that international audit firm or affiliated with Big Four require a shorter time in conducting the audit process. This is assumed because large audit firm have large numbers of employees, can audit more efficiently and effectively, have a flexible schedule that allows them to complete audits on time, and have a stronger drive to complete the audit more quickly, in order to maintain its reputation. It can be concluded that companies that use large audit firm services tend to be timely in presenting their financial statements.

H4: Audit firm reputation affects audit report lag

III. RESEARCH METHODOLOGY

A. Type research

This type of research is a quantitative method. Quantitative method is a method used to present research results in the form of numbers or statistics [18]. This study is intended to analyze operating cash flow and accrual components in predicting future operating cash flows in the food and beverage sector manufacturing companies listed on the Indonesia Stock Exchange in the 2014-2017 period.

B. Subject and Object of Research

The subject of this research is the food and beverage sub-sector manufacturing companies that have met the criteria as research samples listed on the Indonesia Stock Exchange for the period 2014-2017. The object of this research is the data of financial statements of manufacturing companies in the consumer goods industry sector of the food and beverage sub-sector for the period 2014-2017 income statement and consolidated financial position. The data taken is net sales, net income, long-term debt, short-term debt, and equity.

C. Population and Sample

The population taken in this study is the manufacturing companies in the food and beverage sub-sector consumer goods industry which are listed on the official website of the Indonesia Stock Exchange in the 2014-2017 periods. Sample is part or representative of the population studied. The sample selection is done by purposive sampling, where the sample is chosen on the basis of the suitability of the characteristics of the sample with the specified sample selection criteria. The criteria referred to are as follows:

1. Manufacturing companies that have been listed on the Indonesia Stock Exchange (IDX) and published audited financial statements as of December 31 consistently and completely from 2014-2017 and not listing from the IDX during the year of observation.
2. The financial statements are stated in rupiah, because the research was conducted in Indonesia.
3. Having complete information needed related to calculation indicators used as variables in this study. The following is a table of manufacturing company criteria used as samples in the study

D. Analysis Method

Panel data is a combination of time series data and cross section data. Time series data is data that consists of one or more variables that will be observed in one unit of observation within a certain period of time. Meanwhile, cross section data is observation data from several observation units in one time point. The panel data regression model selection is caused because in this study using the merging of time series data and cross section data, namely panel data.

Descriptive Statistics; Descriptive statistical methods, which means statistics used to analyze data by describing or describing the data that has been collected as it is without intending to make generally accepted conclusions or generalizations. Descriptive statistics provide a description or description of data on the research variables used by the author in the study which can be seen from the average (mean), standard deviation, maximum and minimum [18]. Descriptive statistics can also be made to look for strong relationships between variables through correlation analysis, make predictions with regression analysis, and make comparisons by comparing the average sample data or population that is stated by [19]. Therefore, to illustrate each of the variables, the mean count, standard deviation, maximum and minimum values were examined.

Multiple Linear Regression; Analysis that has more than one independent variable is called multiple linear regression analysis. [20], stated that Multiple Linear Regression exists to cover the weaknesses of Simple Linear Regression when there are more than one Independent variable (x) and one Dependent variable (y). According to [19], a simple linear regression model is a probabilistic model that states a linear relationship between two variables in which one variable is considered to affect the other
variable. Variables that influence are called independent variables and variables that are affected are called dependent variables.

E. Operation of Variables

Measurement variables in this study are as follows:

<table>
<thead>
<tr>
<th>Table-I: Operation of Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variables</td>
</tr>
<tr>
<td>Audit report lag (Y)</td>
</tr>
<tr>
<td>Profitability (X1)</td>
</tr>
<tr>
<td>Leverage (X2)</td>
</tr>
<tr>
<td>Audit Opinion (X3)</td>
</tr>
<tr>
<td>Audit Firm Reputation (X4)</td>
</tr>
</tbody>
</table>

IV. RESEARCH RESULT

A. Normality Test

The normality test results can be seen in the following graph:

![Fig 1. Normal Probability Plot](image)

From the normality test above, it can be seen in the probability plot graph that these points are approaching the normal line curve, thus producing normal data. Therefore it can be said that there are no abnormal variables.

B. Auto Correlation Test

Auto correlation test aims to test whether in a linear regression model there is a correlation between the errors of the intruder in the period t with an error in the period t-1 (before). To diagnose autocorrelation in a regression model, a Durbin - Watson (DW test) test is performed. Based on the autocorrelation test results obtained DW values as follows:

<table>
<thead>
<tr>
<th>Table-II: Auto Correlation Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
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<td>1</td>
</tr>
</tbody>
</table>

It can be seen that the DW value of 1.831 is between 4-du (2.33) and du (1.77). Thus, the result is no autocorrelation.

C. Multicollinearity Test

Based on Table III, it is known that the VIF (Variant Inflation Factor) value of all variables is less than 10 and the tolerance value of all variables is more than 0.1, so it is concluded that all independent variables have no problem with multicollinearity.

D. Heteroscedasticity Test

Based on the scatterplot results above, it can be seen that the points spread and do not form certain clear patterns. So it can be concluded that heteroscedasticity does not occur.

E. Determination of Coefficient Scatter Plot

The coefficient of determination is used to determine the magnitude of the effect caused by Profitability, Leverage, Audit Opinion and Firm Reputation of Audit Report Lag. The results of testing the coefficient of determination can be seen in Table- IV.

In Table- IV the Adjusted R square (R2) value of 0.081 or 8.1%, which means that variations in profitability, leverage, audit opinion and Firm Reputation are able to explain variations in audit report lag variables by 8.1% and the remaining 91.9% is explained by Other variables were not included in this study.

Adjusted R square 8.1% in this study is indeed quite small, it is because of the two independent variables, only two variables that have a significant effect, namely leverage and firm reputation. While the factors that influence audit report lag are very many and not all are covered in this study. Examples include time budget pressure, compliance pressure, work experience, audit fees, professionalism, due professional care and so on.
The results of the regression analysis state that profitability has no effect on audit report lag. The results show a significant probability value of 0.420 is greater than the significance level of 0.05. Therefore, this research is in line with [21] which proves that profitability has no effect on Audit delay. The company's ability to earn profits based on assets does not have a significant effect on the length of time the financial statements are submitted. In this study, profitability does not have a significant effect on audit delay, with the possibility that the sample company prioritizes other things besides profitability so that it does not immediately issue financial statements that have been audited by auditors.

The results of the regression analysis state that Leverage affects Audit delay, because the results show a significant probability value of 0.018 < 0.05 which is the significance level. This research is in line with [22] which proves that leverage affects Audit delay. Leverage is a ratio that illustrates a company's ability to fulfill all its obligations. Debt to asset ratio is used to measure how much the company's assets are financed by debt, or how much the company's debt has an effect on asset financing. The high debt to asset ratio shows that the debt used to finance the company's assets is getting higher and vice versa. If the company has a debt proportion greater than its assets, it will increase the tendency of loss which will ultimately require more carefulness in auditing the financial statements so that it will increase the audit report lag range for longer.

Regression test results state that the Audit Opinion has no effect on Audit delay, because the results show a significant probability value of 0.873 > 0.05 which is the significance level. This study is in line with [16] which prove that Audit Opinion has no effect on Audit delay. Audit opinion does not affect audit delay, because the auditor does not require a long time in conducting the audit process. From the audit findings available, the auditor will issue an audit opinion in accordance with the evidence of the findings, so that the audit report will be presented in a timely manner.

Regression test results state that firm reputation has an effect on Audit delay, because the results show a significant probability value of 0.003 < 0.05 which is the significance level. This study is in line with [16] which proves that firm reputation has an effect on audit report lag. Firm reputation has an effect on Audit delay, because the reputation of Big four and non-big four determines the length of time a financial statement is carried out so that it will affect the timing of the published financial statements. Big Four requires a shorter time in completing financial statements because it has more auditors, and has guaranteed quality. So it has been proven, most companies that are audited by the Big Four audit firm publish their financial statements in a timely manner. Research by [17] shows that international audit firms or audit firm affiliated with Big Four required a shorter time in conducting the audit process. This is assumed because large audit firms have large numbers of employees, can audit more efficiently and effectively, have a flexible schedule that allows them to complete audits on time, and have a stronger drive to complete the audit more quickly, in order to maintain its reputation. It can be concluded that companies that use large audit firms services tend to be timely in presenting their financial statements.

V. CONCLUSION AND SUGGESTION

A. Conclusion

This study aims to empirically examine the effect of profitability, leverage, audit opinion and audit firm reputation on audit delay in companies listed on the Indonesia Stock Exchange (IDX). This research was conducted for four consecutive years, from 2014 to 2017 and included 60 samples of manufacturing and food and beverage sub-sector manufacturing companies. In this study, the authors used multiple linear regression analysis, in which the classical assumption test was done which included normality test, multicollinearity test, autocorrelation test and heteroscedasticity test and Hypothesis test. The following is the acquisition of several conclusions:

Profitability has no effect on audit report lag. Profitability has no effect on audit report lag because, in this study, Profitability does not have a significant effect on audit report lag, with the possibility that the sample company prioritizes other things than Profitability so that it does not immediately issue financial statements that have been audited by auditors.

So, the higher or lower the level of profitability of the company, does not affect the length of...
financial statement audit completion (Audit report lag). Leverage affects the audit report lag. Leverage affects the audit report lag because, if the company has a proportion of debt greater than its assets, it will increase the tendency of loss which will ultimately require more carefulness in auditing financial statements so that it will increase the audit report lag range is getting longer.

Audit opinion has no effect on audit report lag. Audit opinion has no effect on audit report lag because audit opinion is part of the authority or duty of the audit firm to provide statements. That is to represent the opinion given by the auditor on the company's financial statements. We concluded that the audit opinion does not affect the length of the financial statement audit completion.

Firm reputation has an effect on audit report lag. Firm reputation has an effect on audit report lag because the reputation of big four and non-big four determines the length of time a financial statement is carried out so that it will affect the timing of the published financial statements. Big Four requires a shorter time to complete the financial statements because it has a larger number of auditors, and has guaranteed quality. So it has been proven, most companies that are audited by the Big Four publish their financial statements in a timely manner.

B. Suggestion

Based on the results of this study, suggestions that can be given by the authors for further research are: Further researcher, it can add other variables that might affect audit delay and increase the year of observation and the number of companies studied so that the research results to predict audit delay are more precise and accurate. Investors: It is better to pay attention to and oversee the timeliness of financial reporting that can be used as a basis for decision making. Companies: It is best to pay attention to the factors that influence audit delay so that it can help the auditor's work by providing the necessary data on time and to be able to present financial statements on time.

REFERENCES


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Bambang Leo Handoko, Assistant Professor, he holds double master’s degrees, Master Degree of Accounting from Trisakti University and Master of Management form Kalbis Institute, both in Jakarta, Indonesia. His research field is in the scope of financial and fraud auditing. He was expert in forensic accounting and fraud examination. He has become reviewer and keynote speech in worldwide international conference and reputable journal. He is member of Indonesian Accounting Council. Currently work as faculty member and subject content coordinator in Bina Nusantara University. He earns best sit in peer review coordinator from Bina Nusantara University in 2016, and then won best teaching award from Bina Nusantara University in 2018.

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Christy Nathania holds bachelor’s degree in accounting from Bina Nusantara University, Indonesia. Her research scope is in the field of financial auditing. Currently she works in public accounting firm. She is the disciple and member of the research team lead by Assistant Professor Bambang Leo Handoko. She has outstanding performance as student. She graduates faster than the targeted time. She finished her study in the same time with finishing her internship work. She took internship in public accounting firm to enhance her skill and knowledge in audit environment. She was listed as one of the notable alumni of Bina Nusantara University undergraduate program, now she plan to continues her study in Master Degree.