The Effect of Firm Size, Profitability, Solvency and Reputation of Public Accounting Firms on Audit Delay in LQ 45 Companies Listed on the Indonesia Stock Exchange in 2010-2016

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ARTICLEINFO	ABSTRACT
	This study aims to analyze whether firm size, profitability, solvency and reputation of public accounting firm has an effect on audit delay at LQ 45 company listed on Indonesia Stock Exchange in 2010-2016. The measuring instrument used in this study is the total asset logarithm for firm size; return on assets (ROA) for profitability; debt to total asset ratio for solvency; and dummy variables for the reputation of the public accounting firm. The sampling method used in this research is purposive sampling and obtained data that passes the test as many as 18 companies sampled listed on index LQ 45 in Indonesia Stock Exchange in year 2010-2016 and 126 the number of observations. The data used is secondary data, namely the company's financial statements obtained from www.idx.co.id. Data collection techniques is by documentation techniques. The analysis used in this research is panel data regression analysis. The simultaneous test results show that all independent variables affect the dependent variable by 95 percent. Partial test results show that company size and solvency variables significantly affect audit delay, while the profitability and reputation of public accountant firm does not affect audit delay. *This is an open access article under the CC BY-NC license.*

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1. INTRODUCTION

Companies that have been listed on the Indonesia Stock Exchange have an obligation to publish financial statements that have been audited by a public accountant. The information produced must provide benefits for users, especially investors. According to SFAC No. 2 regarding the qualitative characteristics of financial information, it states that financial information will be useful if it meets the quality characteristics, namely relevant, reliable, has comparability and consistency, according to cost-benefit considerations, and materiality. The relevance of financial information can be seen, one of which is the timeliness of the financial statements presented.

According to Givoly and Palmon (1982), information needed by interested parties can be useful if it is presented accurately and precisely when needed by users of financial statements, but information is no longer useful if it is not presented accurately and on time. The value of timeliness of financial reporting is an important factor for the usefulness of these financial statements. Chambers and Penman (1984) show that late earnings announcements cause negative abnormal returns, while earlier earnings announcements cause the opposite. Indirect reporting delays are also interpreted by investors as a negative signal for the company.

According to Ashton, et al. (1987), audit delay is the length of time for completion of the audit from the end of the company's fiscal year to the date of the audit report issued. The longer the auditor completes his audit work, the longer the audit delay. However, the auditor may extend the audit period by delaying the completion of the financial statement audit for certain reasons, for example the fulfillment of standards to improve audit quality by the auditor which ultimately demands a longer audit completion time. As in Generally Accepted Auditing Standards (GAAS), in particular the third general standard, it is stated that auditors are required to use their professional skills in conducting audits and compiling financial reports (SPAP: SA Section 230.1). The first fieldwork standard requires the auditor to adequately plan work and properly supervise all assistants (SPAP:SA Section 311.1), and the third fieldwork standard states that the auditor must obtain sufficient appropriate audit evidence by performing audit procedures to have a reasonable basis for an opinion. concerning the audited financial statements (SPAP:SA Section 326.1). These standards allow public accountants to postpone the publication of audit reports or audited financial statements, while the Indonesia Stock Exchange (IDX) and the Capital Market Supervisory Agency (BAPEPAM) require publicly listed companies (go public) or issuers whose securities are listed on the Indonesia Stock Exchange to publish audited financial statements within a certain period that has been determined after the end of the financial year. . According to Subekti and Widiyanti (2004), the implementation of an audit that is more in line with the standard takes longer, on the contrary, the less it is in accordance with the standard, the shorter the time required.

Profitability is the company's ability to generate a profit and support growth in both the short and long term. The company's profitability is usually seen from the company's income statement, which shows the company's performance report. The results of Lestari's research (2010) show that the company's profitability has a significant effect on audit delay. Companies that have a high level of profitability tend to want to publish it immediately because it will increase the value of the company in the eyes of interested parties. Meanwhile, companies that have a low level of profitability tend to prolong the publication of financial statements.

Solvency is the company's ability to pay its debts both long term and short term. Solvency is measured by making a comparison of all liabilities to all assets and a comparison of all liabilities to equity. The results of Yuliyanti's research (2011) state that solvency has no effect on audit delay in manufacturing companies listed on the IDX in 2007-2008. The results of this study indicate that companies with large debt or companies with small debt have no effect on audit delay. Carslaw and Kaplan (1991) found a significant effect between solvency as measured by the Total Debt to Total Asset Ratio (TDTA) on audit delay. The process of auditing debt takes a relatively longer time than auditing equity.

Public Accounting Firms (KAP) classified as having a good reputation such as the big four are considered to be able to carry out audits more efficiently and have a higher level of time schedule flexibility to complete the audit on time. The results of this study are consistent with the results of research conducted by Yuliyanti (2011) which also states that KAP size has a significant effect on audit delay. However, the results of this study are different from the results of research conducted by Angruningrum (2013) which shows that the reputation of KAP has no effect on audit delay.

The LQ 45 index is an index consisting of 45 issuers with high liquidity levels, which were selected through several selection criteria. In addition to the assessment of liquidity, the selection of

these issuers also considers market capitalization. The Indonesia Stock Exchange regularly monitors the performance development of issuers that are included in the LQ 45 index. Evaluation of issuers on stock movements is carried out every three months. Exchange of shares will be carried out every six months, namely at the beginning of February and August. The selection of LQ 45 companies in this study is because companies classified as LQ 45 on the Indonesia Stock Exchange (IDX) are vulnerable to changes that occur in other fields such as social, political, security, both domestic and international (Kartika, 2009). .

2. RESEARCH METHOD

2.1 Types of research
This research is a comparative causal research, namely research with the characteristics of the problem in the form of cause and effect between two or more variables (Indriantoro and Supomo, 2009:27). This study uses a quantitative approach.

2.2 Measurement of Research Variables
The dependent variable is the variable that is influenced or that becomes the result, because of the independent variable. The dependent variable in this study is Audit Delay.

The independent variable is the variable that causes the occurrence or change of the dependent variable, so that the independent variable can be said to be an influencing variable. The independent variables in this study are firm size, profitability, solvency and reputation of public accounting firms.

2.3 Population and Research Sample
The population of this study were 45 companies listed in the LQ 45 index during the 2010-2016 reporting year. The technique used in sampling is purposive sampling. The sample of LQ 45 companies in this study were 18 companies.

2.4 Data Types and Sources
This study uses secondary data, namely data obtained indirectly, in the form of audited financial statements of companies listed on the Indonesia Stock Exchange in 2010-2016 that have been published. The data in this study were obtained from the IDX homepage, namely www.idx.co.id in the form of the company's financial statements.

2.5 Method of collecting data
The data collection method used is the documentation method.

2.6 Data analysis technique

a. Descriptive statistics
The descriptive technique intended in this study is to interpret the average value, maximum value, and minimum value of each research variable.

b.   Classic assumption test
The classical assumption test has the aim of knowing and testing the feasibility of the regression model used in this study. The conditions that must be met are that the data must be normally distributed, multicollinearity, heteroscedasticity and autocorrelation.

c. Multiple Linear Regression Analysis
The classical assumption test has the aim of knowing and testing the feasibility of the regression model used in this study. The conditions that must be met are that the data must be normally distributed, multicollinearity, and heteroscedastic. This study uses panel data regression analysis. The regression model estimation method using panel data can be done through three approaches, namely the common effect model approach, fixed effect and random effect.

d. Hypothesis testing
Testing this hypothesis is useful for checking or testing whether the regression coefficient obtained is significant or statistically its value is not equal to zero. Hypothesis tests include testing the coefficient of determination R^2, simultaneous testing (F test) and individual parameter significant tests (t-test).

3.   RESULTS AND DISCUSSIONS
3.1 Descriptive Statistical Analysis

Descriptive statistical analysis is used to determine the description of a data seen from the maximum value, minimum value, average value (mean), and standard deviation value. Based on descriptive statistical analysis, the sample description is obtained as follows:

Table 1. Descriptive Statistics of AUD, UP, PROF, SOLV and KAP

Variable	Minimum	Maximum	mean	Std. Dev.
Company Size (UP)	15.53	20.76	17,87135	1.478895
Profitability (PROF)	0.014	0.404	0.121492	0.098419
Solvency (SOLV)	0.133	0.909	0.489095	0.242664
Accountant Firm Reputation Public (KAP)	0	1	0.904762	0.294715
Audit Delay (AUD)	16	89	59.13492	17.56649

3.2 Classic assumption test
a.   Normality test

In this study, the normality test of the residuals used the Jarque-Bera (JB) test.
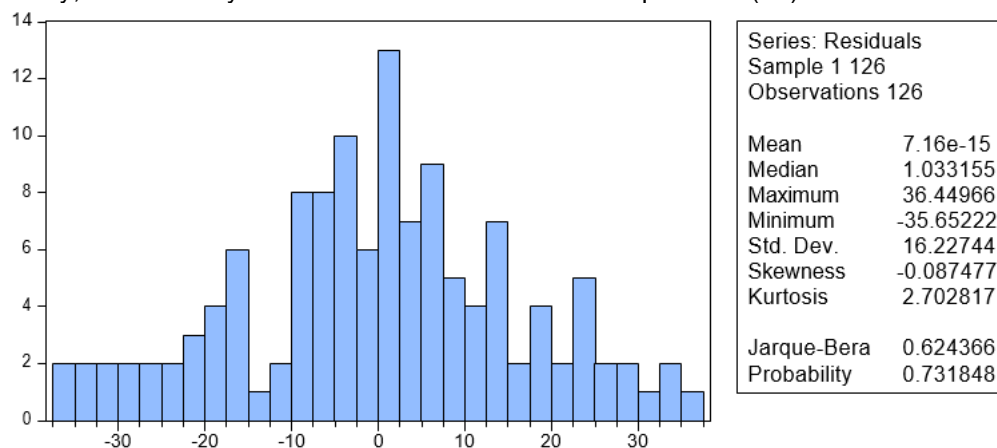
Figure 1. Normality Test with Jarque-Bera . Test

Note that based on Figure 1, it is known that the probability value of the JB statistic is 0.731848. Because the probability value, which is 0.731848, is greater than the significance level, which is 0.05. This means that the assumption of normality is met.

b.   Multicollinearity Test

The results of data processing can be seen in the following table:

Table 2. Multicollinearity Test with VIF

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
UP	4.229800	629.9715	4.250890
PROF	414.8795	4.682929	1.846553
SOLV	105.8091	14.58644	2.862984
HO OD	32.06683	13.43805	1.279814
C	1070,181	495.6818	NA

Based on Table 2, the results of the multicollinearity test, it can be concluded that there are no symptoms of multicollinearity between the independent variables.

c. Heteroscedasticity Test

The results of the heteroscedasticity test are presented in table 3.

Table 3. Heteroscedasticity Test with Glejser . Test

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	31.37417	19.55311	1.604562	0.1112
UP	-1.085124	1.229270	-0.882739	**0.3791**
PROF	-21,23731	12.17442	-1.744421	**0.0836**
SOLV	9.118999	6.148210	1.483196	**0.1406**
HOOD	-1.277729	3.384661	-0.377506	**0.7065**

Based on the results of the Glejser test in Table 3, all the Prob values of UP, PROF, SOLV, and KAP > 0.05, it is concluded that there is no heteroscedasticity.

d. Autocorrelation Test

Table 4. Autocorrelation Test with Durbin-Watson Test

Likelihood logs	**-529.4089**	**Hannan-Quinn Criter.**	**8.528407**
		Durbin-Watson stat	1.075278

Based on Table 4, the value of the Durbin-Watson statistic is 1.075278. Note that because the value of the Durbin-Watson statistic lies between 1 and 3, i.e. 1 < 1.075278 < 3, the non-autocorrelation assumption is met. In other words, there is no high autocorrelation symptom in the residuals.

e. Multiple Regression Analysis
Model Estimation Method Test.

The Chow test and Hausman test are tests that can be used to determine whether the panel data model can be regressed with the common effect, fixed effect, or random effect model.

Table 5. Chow Test Results

Effects Test	Statistics	df	Prob.
Cross-section F	8.224775	(17,104)	0.0000
Cross-section Chi-square	107.357564	17	0.0000

Based on the results of the Chow test in Table 5, it is known that the probability value is 0.000. Because the probability value is 0.000 < 0.05, then H0 is rejected and H1 is accepted. Thus the estimation model used is the fixed effect model (FEM). Thus the estimation model used is the fixed effect model (FEM). Therefore, further tests must be carried out to determine which model is the most appropriate to use between the fixed effect model or the random effect model, namely by conducting the Hausman test.

The following table shows the results of the Hausman Test:

Table 6. Hausman test results

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	17.080258	4	0.0019

Based on the results of the Hausman test in Table 6, it is known that the probability value is 0.0019. Because the probability value is 0.0019 < 0.05, then H0 is rejected and H1 is accepted so that the estimation model used is the fixed effect model (FEM).

Table 7. Regression fixed effect model (FEM)

Variable	Coefficient	Std. Error	t-Statistics	Prob.	
UP	-18.06137	3.824306	-4.722784		0.0000
PROF	-34.93627	24.22288	-1.442284		0.1522

SOLV	50.32168	22.47583	2.238924		0.0273
HOOD	-6.829908	8.172235	-0.835745		0.4052
C	367.7278	68.34180	5.380716		0.0000
R-squared	0.636008	Mean dependent var			59.13492
Adjusted R-squared	0.562510	SD dependent var			17.56649
SE of regression	11.61901	Akaike info criterion			7.900478
Sum squared resid	14040.16	Schwarz criterion			8.395702
Likelihood logs	-475.7301	Hannan-Quinn Criter.			8.101672
F-statistics	8.653361				
Prob(F-statistic)	0.000000				

Based on Table 7, the panel data regression equation is obtained as follows.

$$AUD=367,72-18,06UP-34,93PROF+50,32SOLV-6,82KAP+e$$

From the regression equation above, it can be explained that the intercept is 367.72, meaning that when the independent variables are considered constant (value 0), then Y is 367.72. Then, if each independent variable increases by 1%.

f.   Research Hypothesis Testing Analysis
• **R2 Test (Coefficient of Determination)**
Based on Table 7, it is known that the coefficient of determination (Adjusted R-squared) is R2 = 0.5625. This value can be interpreted that UP, PROF, SOLV, and KAP are able to influence/explain AUD simultaneously or together by 56.25%, the remaining 43.75% is influenced by other factors.

• **Simultaneous Significant Test (F-Test)**
Table 7, the known value of Prob. (F-statistics), which is 0.0000 <0.05, it can be concluded that all independent variables, namely UP, PROF, SOLV, and KAP simultaneously, have a significant effect on the AUD variable.

• **Partial Effect Significance Test (t Test)**
Based on Table 7, the partial test results are as follows:
o   The coefficient value of the independent variable UP is -18.06, which is negative. This value can be interpreted as having a negative effect on the AUD variable. It is known that the Prob value of the UP variable is 0.0000, which is <0.05, then the UP variable has a significant (statistically) effect on the AUD variable, at a significance level of 5%.
o   The coefficient value of the independent variable PROF is -34.93, which is negative. This value can be interpreted as the PROF variable has a negative effect on the AUD variable. It is known that the Prob value of the PROF variable is 0.1522, ie > 0.05, then the PROF variable has no significant effect (statistically) on the AUD variable, at a significance level of 5%.
o   The coefficient value of the independent variable SOLV is 50.32, which is positive. This value can be interpreted as the SOLV variable having a positive effect on the AUD variable. It is known that the Prob value of the SOLV variable is 0.0273, which is <0.05, then the SOLV variable has a significant (statistically) effect on the AUD variable, at a significance level of 5%.
o   The coefficient value of the independent variable KAP is -6.82, which is negative. This value can be interpreted as having a negative effect on the AUD variable. It is known that the Prob value of the KAP variable is 0.4052, ie > 0.05, then the KAP variable has no significant effect (statistically) on the AUD variable, at a significance level of 5%.

The test results show that company size has a negative and significant effect on audit delay, that profitability does not have a significant effect on audit delay, profitability does not affect audit delay because the demands from interested parties are not too large so it does not trigger companies to publish financial statements. faster, solvency has a positive and significant effect on audit delay, the reputation of a public accounting firm (KAP) does not have a significant effect on audit delay.

4. CONCLUSION

Based on the results of research and discussion in the previous section, it can be concluded as follows:

o   Firm size variable has an influence on audit delay in LQ 45 companies listed on the IDX in 2010-2016. This is evidenced by the p-value of the t-test less than 5 percent alpha, which is 0.0000. With these results, the size of the company has a significant effect on audit delay.

o   The profitability variable has no effect on audit delay in LQ 45 companies listed on the IDX in 2010-2016. This is evidenced by the p-value of the t-test more than 5 percent alpha, which is 0.1522. With these results, profitability has no significant effect on audit delay.

o   The solvency variable has an effect on audit delay in LQ 45 companies listed on the IDX in 2010-2016. This is evidenced by the p-value of the t-test less than 5 percent alpha, which is 0.0273. With these results, solvency has a significant effect on audit delay.

o   The public accounting firm's reputation variable has no effect on audit delay in LQ 45 companies listed on the IDX in 2010-2016. This is evidenced by the p-value of the t-test of more than 5 percent alpha, which is 0.4052. With these results, the reputation of the public accounting firm has no significant effect on audit delay.

o   Simultaneously (together) with a confidence level of 95 percent, all independent variables affect audit delay. Partially with a confidence level of 95 percent, the independent variables of firm size and solvency have a significant effect on the audit delay variable, while the profitability and reputation of the public accounting firm have no statistically significant effect on audit delay.

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