

The Influence of Audit Fees and Company Size on Audit Delay

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Abstrak

Laporan keuangan yang dipublikasikan dimaksudkan agar bisa menjadi alat komunikasi bagi para pengguna laporan keuangan, terutama para investor, kreditor, atau bahkan para peneliti dan pengamat ekonomi. Untuk mendapatkan kredibilitas, laporan keuangan yang dipublikasikan harus diaudit oleh auditor independen atau Kantor Akuntan Publik. Tujuan penelitian ini adalah untuk mengetahui pengaruh audit fee dan ukuran perusahaan terhadap audit delay. Penelitian ini adalah penelitian kuantitatif dan mengambil data sekunder. Populasi dalam penelitian ini adalah perusahaan perbankan yang terdaftar di Bursa Efek Indonesia tahun 2016-2019. Seleksi data menggunakan metode purposive sampling dengan jumlah data amatan sebanyak 81. Uji hipotesis penelitian ini menggunakan analisis regresi berganda dengan uji prasyarat uji normalitas, uji autokorelasi, uji multikolonieritas, dan uji heteroskedastisitas. Penelitian ini menghasilkan simpulan bahwa fee audit tidak berpengaruh terhadap audit delay, sedangkan ukuran perusahaan berpengaruh negatif terhadap audit delay. Audit fee dan ukuran perusahaan secara simultan berpengaruh terhadap audit delay. Besaran audit fee tidak berpengaruh terhadap audit delay karena auditor independen harus bertugas sesuai kode etik akuntan, selain itu audit delay dipengaruhi oleh ukuran perusahaan. Semakin besar aset perusahaan maka semakin sedikit waktu yang dibutuhkan auditor untuk menjalankan program audit, nantinya waktu pelaporan hasil audit akan lebih cepat. Semakin kecil aset, pelaksanaan audit pun akan butuh lebih banyak waktu, yang artinya laporan keuangan auditan akan terbit lebih lama.

Kata Kunci : *Audit Delay, Audit Fee, Ukuran Perusahaan*

Abstract

Published financial reports are intended to be a communication tool for users of financial reports, especially investors, creditors, or even researchers and economic observers. To gain credibility, an independent auditor or Public Accounting Firm must audit financial reports. The purpose of this research is to determine the effect of audit fees and company size on audit delay. This research is quantitative and takes secondary data. The population in this research are banking companies listed on the Indonesia Stock Exchange in 2016-2019. Data selection used a purposive sampling method with a total of 81 observed data. This research hypothesis test used multiple regression analysis with prerequisite tests of normality test, autocorrelation test, multicollinearity test, and heteroscedasticity test. This research concludes that audit fees do not affect audit delay, while company size hurts audit delay. Audit fees and company size simultaneously influence audit delay. The amount of the audit fee does not affect audit delay because independent auditors must work according to the accountant's code of ethics, apart from that, audit delay is influenced by the size of

the company. The greater the company's assets, the less time the auditor will need to carry out the audit program, the time for reporting audit results will be faster. The smaller the assets, the more time it will take to carry out the audit, which means that the audited financial report will take longer to be published.

Keywords: *Audit Delay, Audit Fee, Company Size*

INTRODUCTION

Companies registered on the Indonesian Stock Exchange are required to prepare and present structured financial reports that describe the entity's financial position and performance (Indonesian Accountants Association, 2017). Published financial reports are intended as a communication tool for users of financial reports, especially investors, creditors, researchers, and economic observers. To gain credibility, published financial reports must be audited by an independent auditor or Public Accounting Firm (KAP).

According to Financial Services Authority Regulation Number 29 of 2016, financial reports must be reported no later than the fourth month (120 days) after closing the books to the Financial Services Authority. It is also emphasized in paragraph 2 that reports submitted to the Financial Services Authority must coincide with the availability of financial reports for shareholders. Article 19 in Financial Services Authority Regulation Number 29 explains the existence of sanctions if an issuer violates these regulations. The existence of financial reporting time limits that issuers must meet, indicates that the timeliness of the annual financial reporting presented by these issuers is very important for investors in making investment decisions and regulators who function in supervision.

Timely presentation of financial reports is very important so that financial report information can be used immediately, especially by investors in making investment decisions. However, the time period required by an auditor to audit an entity will result in a delay in presenting financial information to the public, this is what is called an audit delay. Audit delay is the number of days needed for the auditor to complete the audit, namely the difference in days from the book closing date and the date of submission of the audit report (Lawrence and Bryan, 1996). The longer it takes to publish financial reports due to unfinished audits, this will reduce financial relevance. As a result, investors' decisions will be delayed and investments that are expected to enter the company soon will also be delayed.

Auditors who understand the characteristics of the issuer will design the audit program appropriately so that the audit completion time will be more optimal. Many factors cause audit delays. Research by Lestari and Latrini (2018) found that audit fees have no influence on audit delays. Research by Foster et al (2021) shows that audit fees do not affect audit delay. Company size is one of the factors causing audit delays. Research by Lestari and Lathini (2018) found that company size has a negative effect on audit delay. However, company size does not affect audit delays based on research by Puryati (2020). Research by Foster, et al (2021) also shows that audit delay is not influenced by company size.

Considering the importance of precision and accuracy in submitting issuer reports to the public and the existence of various differences in previous research, this research focuses on the influence of audit fees and company size on audit delays in banking companies listed on the Indonesia Stock Exchange. This research took place between 2016 and 2019. The aim of this research was to determine the effect of audit fees and company size on audit delay.

METHOD

This research uses a quantitative approach in the form of an explanation that explains the relationship between the influence of audit fees and company size on audit delay. The data population used in this research is banking companies listed on the Indonesia Stock Exchange (BEI) in 2016-2019. Sampling in this study used a purposive sampling technique so that 81 data were obtained. This research was tested using the multiple regression method because it has more than one independent variable, and the analytical tool is multiple regression analysis with the prerequisite tests being the normality test, autocorrelation test, multicollinearity test, and heteroscedasticity test. The multiple regression equation model formed is:

$$Y = a + b_1FA1 + b_2UP2 + e$$

Information :

Y = audit delay

a = constant

b1 and b2 = regression coefficients

AF1 = Audit fee

UP2 = Company Size

e = error

RESULTS AND DISCUSSION

Descriptive Statistical Test Results

This research used a total sample of 70 companies from the transportation services sector during 2019-2020. Data was obtained for 32 companies that were at risk of financial distress and 38 companies that were not at risk of financial distress.

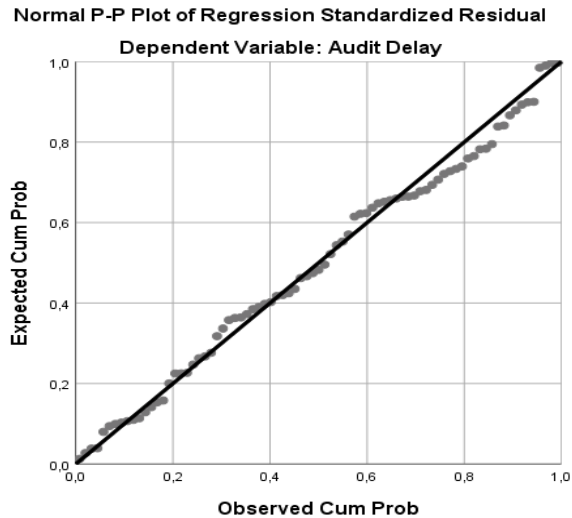
Table 1 Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Ukuran Perusahaan	81	2359089,00	1416758840,00	232756987,3704	363005065,87513
Audit Fee	81	180000000,00	15037000000,00	3582598543,2099	3763015999,71794
Audit Delay	81	372,00	500,00	419,5309	28,94956
Valid N (listwise)	81				

The results of descriptive statistics show that the total amount of research data is 81 observation data. The dependent variable audit delay has an average of 419.5309 with a standard deviation of 28.94956. The independent variable company size shows an average value of 232756987.3704 and a standard deviation value of 363005065.87513. Another independent variable, namely audit fees, has an average value of 358259543.2099 and a standard deviation value of 3763015999.71794.

Normality Test

The results of the P-Plot of the Regression Standardized Residual normality test show that the plot points are not far from the diagonal line but close to it, meaning that the residual values in the multiple linear analysis are normally distributed and that the normality test can be fulfilled.



Autocorrelation Test

Model Summary^b

R	R Square	Adjusted R Square
,498 ^a	,248	,229

a. Predictors: (Constant), Ukuran Perusahaan, Fee Audit

b. Dependent Variable: Audit Delay

The results of the autocorrelation test can be seen from the Durbin-Watson column in the model summary table, which shows a value of 1.267. This number is between -2 and +2, which means that the data observed in this study does not have autocorrelation.

Multicollinearity Test

coefficients^a

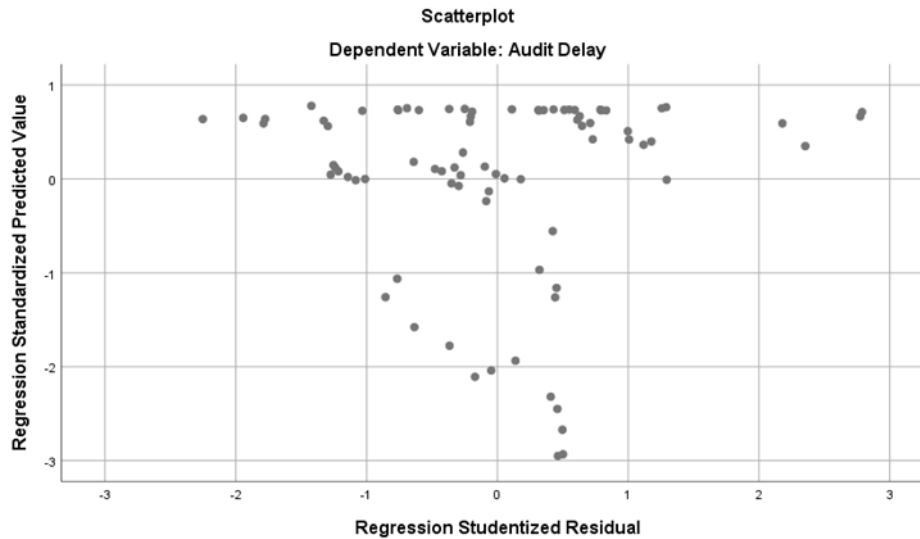
Model	Collinearity Statistics	
	Tolerance	VIF
1		
(Constant)		
Ukuran Perusahaan	,441	2,267
Audit Fee	,441	2,267

a. Dependent Variable: Audit Delay

The results of the multicollinearity test show a VIF value of 2.267 for the independent variables audit fee and company size. This value is less than 10, this indicates that there is no relationship between the independent variables or that multicollinearity does not occur.

Heteroscedasticity Test

From the image above, it can be seen that the distribution of the points does not form a pattern, the data points are spread randomly above and below, right and left, and the data points do not collect in one part. This shows that the research model used for data analysis does not have heteroscedasticity.



Hypothesis Testing

Hypothesis testing in this research uses the multiple regression analysis method; the model tested meets the data normality test and meets the feasibility of the classical assumption test.

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16616,860	2	8308,430	12,851	,000 ^b
	Residual	50429,313	78	646,530		
	Total	67046,173	80			

a. Dependent Variable: Audit Delay
b. Predictors: (Constant), Audit Fee, Company Size

From the ANOVA test or F test, the F value in this study was 12.851 with a significance of 0.000. The significance value is smaller than 0.05 (5%), so the regression model used fits the data. This also means that the regression model can statistically predict the dependent variable significantly. It can also be said that the independent variables, namely audit fees and company size, together have an influence on audit delay.

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	431,133	3,924		109,869	,000
	Ukuran Perusahaan	-2,664E-8	,000	-,334	-2,259	,027
	Audit Fee	-1,508E-9	,000	-,196	-1,326	,189

a. Dependent Variable: Audit Delay

Based on the coefficients table, the audit fee variable has a significance value of 0.189 (18.9%), and if this value is greater than 0.05 (5%), then hypothesis one h1, namely audit fees has an effect on audit delay, is rejected. This means that audit delays that occur in companies are not influenced by the amount of audit fees received by auditors. This shows that the amount of compensation for audit services or audit fees agreed upon by the auditor and auditee does not affect the length of time for completing the audit program. These

results are in line with research by Foster et al (2021) and Lestari and Latrini (2018). This refers to Management Regulation Number 2 of 2016 issued by the Indonesian Institute of Public Accountants (IAPI), explaining that public accountants have the right to receive audit fees or compensation for services according to the agreement between the KAP and the entity in accordance with the Engagement Letter. So, the compensation for audit services has been agreed in advance and stated in the Engagement Letter. Determining the amount of the audit fee can be adjusted to consider the risk and complexity of the business. Apart from that, according to the Indonesian Accountants Association (IAI), the Indonesian Accountants' Code of Ethics 400.6 explains that when carrying out audit engagements, Public Accounting Firms must comply with the basic principles of applicable ethics and independence. This requires KAP to work professionally because they have an obligation to comply with the accountant's code of ethics. So, whether the KAP's audit fee is large or small will not affect the audit delay because when carrying out an audit program, the KAP or independent auditor must comply with and fulfill the applicable code of ethics.

The coefficients table from the hypothesis test results shows that the company size variable has a significance value of 0.027 (2.7%). This value is smaller than the significance level of 0.05 (5%), meaning that hypothesis two H_2 , that company size influences audit delay, is accepted. The table also shows the negative regression coefficient value, namely -2.664E-8. These results indicate that company size, as represented by the size of the company's assets, negatively influences audit delay. The greater the company's assets, the shorter the audit process will be, conversely, companies that have fewer assets require longer audit time for auditors to complete the audit. It is considered that large companies have neat and structured management so that the audit process or audit tracking is easier to carry out and is completed more quickly. This research is in line with the research results of Lestari and Latrini (2018).

CONCLUSION

Based on the results of this research, audit fees and company size simultaneously influence audit delay. This research also provides additional literature that the amount of the audit fee does not affect audit delay because independent auditors must work according to the accountant's code of ethics. The research results also state that audit delay is influenced by company size. The greater the company's assets, the less time the auditor will need to carry out the audit program, and the faster the time for reporting audit results will be. The smaller the assets, the more time it will take to carry out the audit, which means that the audited financial report will take longer to be published.

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