

THE EFFECT OF PROFITABILITY, LEVERAGE, AND COMPANY SIZE ON AUDIT DELAY WITH KAP'S REPUTATION AS A MODERATING VARIABLE

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ABSTRACT

The period between the issuance of the audit report and the closing date of the financial year is called the audit delay. This study examines the effect of Profitability, Leverage and Firm Size on Audit Delay with the Reputation of Public Accountant Firm as the moderating variable. The object of this research is the LQ-45 companies have listed on the Indonesia Stock Exchange in 2017-2021. This research uses purposive sampling method which is used to determine the research sample. This sample consists of 27 companies for five years with 135 observations. The type of data used is secondary data in the form of company financial statements. The data analysis technique used is Moderated Regression Analysis. The results of this study indicate that Profitability has a negative effect on Audit Delay, while Leverage and Firm Size have a positive effect. KAP reputation is proven to moderate the influence of Profitability, Leverage and Firm Size on Audit Delay.

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1. INTRODUCTION

A financial report is a document that contains a company's financial information for a specific time period. The function of financial reports is very important for creditors, the government, shareholders, management, and other parties with an interest in financial reports because these reports can be a tool for decision-making [1]. The benefits of the information contained in the report will be valuable if the financial statements presented are appropriate and available when needed by users of financial statements. Apart from being timely in terms of reporting, financial reports must also be audited by a Public Accounting Firm (KAP). Audits carried out by auditors may experience delays in the presentation of audit reports; this is better known as an "audit delay." Delays in the presentation of financial reports that have a long impact can cause delays in submitting financial reports to authorized institutions, which result in delays in the publication of financial reports (Puspitasari dalam Maharsa et al. 2021).

OJK continues to strengthen regulations and protection for the capital market industry by making new regulations, namely POJK No. 14/POJK.04/2022 regarding the submission of issuers' periodic financial reports; this regulation is a refinement of Bapepam Regulation No. X.K.2, No. Kep-346/BL/2011 [3]. The regulation stipulates that public companies whose registration has been declared effective must submit periodic financial reports to the Financial Services Authority and disseminate them to the public. Submission of periodic financial reports must be carried out through the OJK electronic reporting system [3]. But in fact, there are many companies that are late in issuing their financial reports. The existence of a time difference between the date of the financial statements and the date of issue of the audit opinion report indicates the length of time required by the auditor to complete the audit. Delays in submitting financial reports can affect the relevance of these reports and influence investor decision-making. This may also be interpreted by investors as a sign of loss for the company, possibly due to low profit levels and high debt levels.

Based on information from the Indonesia Stock Exchange, the presentation of the 2017-2021 financial statements has been delayed, as shown in Table 1 below.

Table 1. Percentage of Companies Late in Reporting Audited Financial Statements for the 2017-2021 Period

Year	Listed Company	Number of Companies Late in Submitting Audited Financial Statements	Percentage
2017	640	70	10,94%
2018	668	10	1,50%
2019	796	42	5,28%
2020	786	52	6,62%
2021	785	91	11,59%

Source: www.idx.co.id accessed on 19 November 2022

Based on Table 1, in a period of 5 consecutive years in 2017, 2018, 2019, 2020, and 2021, the number of companies that were late in publishing their financial reports was 70, 10, 42, 52, and 91 issuers. The year with the highest percentage of issuers that are late in reporting audited financial reports is 2021, and the 91 issuers receive written sanction as a result of the late submission of audited financial reports. It can be seen that public companies in Indonesia are still constrained by the problem of timely reporting audited financial statements.

One of the factors that causes an audit delay is profitability. Profitability is the ratio that will be used to calculate the company's ability to generate profits. Gains are good news, and losses are bad news for investors. Non-profit companies tend to immediately notify the public, so it is likely that the audit process will take place more quickly and immediately publish financial reports to the public (Rochmah et al. 2022). On the other hand, if the company suffers a loss, the inspection process will likely take longer because the company hides the news from the public. There are differences in the results of profitability on audit delay, according to Al-Faruqi (2020), who states that profitability has a positive effect on audit delay. This is because the greater the profitability value of an entity, the more audit delay time increases because profitability determines the extent of testing carried out by the auditor.

The next factor affecting audit delay is leverage. Leverage is the ratio between debt and capital. In the research by Putri et al. (2021), it was said that poor financial conditions can result in audit delays; this is because the greater the amount of debt, the longer the auditing process, and the less debt the company has, the smoother the auditing process will be. Maharsa et al. (2021) stated that leverage affects audit delay because the higher the leverage, the greater the risk of company loss. Therefore, to gain confidence in the accuracy of financial statements, external auditors are more careful and perform various tests that result in longer audits when preparing reports. A different opinion was put forward by Erfiansyah & Kurnia (2017) research, which found that leverage has no effect on audit delay because the auditor, in carrying out analytical procedures, looks more at the level of company profitability, which is a source of profit for stakeholders, so even though auditing debt is more complicated and complex, it has no effect on audit delay.

The size of the company influences the audit delay. Company size is the size of the entity that can be measured through the values in the financial statements; one of these values is the size of the company's assets [8]. Large companies have modern staff and information systems to work on shorter audit reports, so they can minimize audit errors when compiling financial reports (Damanik et al. 2021). According to Sari et al. (2020), company size has a positive effect on audit delay because the larger the company, the more audit procedures are performed because large companies have broader activities, the volume of activity increases, the quantity of transactions within the company is higher, and thus transaction complexity increases. Large companies have more organizational tools, so the audit process also takes time. Meanwhile, Kartikasari & Mutmainah (2022) states that company size has no effect on audit delay. This is because all companies (large and small) are under the control of capital owners and regulatory bodies, namely the OJK, so companies must present audited financial reports in a timely manner.

Based on the results of previous research, the relationship between the variables studied, such as the effect of profitability, leverage, and company size on audit delay, is not the same in all cases. This means that the topic still needs to be looked at again. Unlike previous research, this study considers the existence of KAP's reputation as a moderating variable. The KAP's reputation is a view or opinion about the achievements, public trust, and good name that the KAP has. Most of the time, a KAP's reputation is one of the things that can cause an audit to be late. This is because KAPs with a good reputation are usually able to make better reports and finish their work on time because they have qualified and experienced staff as well as better control systems and technology [12].

The reputation of the public accounting firm is determined by the quality of the KAP, which can be seen from the size of the KAP. To increase the credibility of reports, companies use KAP services with a

good reputation. This is shown by the public accounting firms affiliated with large KAPs known as the "Big Four," because these public accounting firms have a larger number of employees, a better control system, and resources that can work more effectively and efficiently (Sari et al. 2020). According to Adrian (2018), the reputation of the Big Four KAPs is certainly a guarantee that audit results will be obtained more quickly or on time compared to non-Big Four KAPs. The presence of experts at the Big Four KAP helps companies complete the audit process faster. This study establishes the reputation of KAP as a moderating variable because it is considered capable of strengthening or weakening the effects of profitability, leverage, and company size on audit delay.

2. INTRODUCTION

Signaling Theory

The signaling theory was first stated by Michael Spence in 1973 in his study entitled "Job Market Signaling." Signaling theory is used in this research to explain how companies send information about themselves to parties outside the company; these signals explain what management is doing to realize the wishes of external parties [12].

Signal theory can be the basis for knowing the condition of the company, which is reflected in the timeliness of the company in publishing its financial reports. When a company publishes its financial statements on time, it shows that the company is in good shape. However, the longer the audit delay is carried out by the company, the weaker the quality of the information presented, and this shows that the company's condition is not good, so it slows down in presenting its financial reports.

Effect of Profitability on Audit Delay

A high profitability ratio is good news for the company. High profitability encourages companies to speed up the time spent auditing financial statements. This is because the delivery of good news is immediately accepted by the community. According to Signal Theory, companies with good quality will immediately share good news with the market, so that the market is expected to know which companies are of good quality or not. Thus, the greater the profitability of a company, the more likely it is that the audit delay will be shorter [8]. Thus, the authors hypothesize:

H1: Profitability has a negative effect on audit delay.

Effect of Leverage on Audit Delay

Leverage measures the long-term viability of the company. Putri et al. (2021) state that the higher the leverage in a company, the greater the delay in completing audited financial statements. This can indicate that leverage has a positive effect on audit delay. The large amount of debt caused the company to experience problems, which forced the company to confirm the acquisition of the company's debt from related parties. The higher the company's debt, the longer the auditing process carried out by the auditor, causing a long audit report. According to Rochmah et al. (2022), leverage has a positive effect on audit delay in the sense that a high leverage ratio indicates that the issuer is in a difficult situation with more debt than equity, so the longer it takes the auditor to complete the audited report. Thus, the authors hypothesize:

H2: Leverage has a positive effect on audit delay.

Effect of Company Size on Audit Delay

Company size is indicated by the size of the company's assets. Assets are the funds used to run the business. During the audit process, the auditor examines the assets of each company, both in terms of inventory and operations. Pitaloka & Suzan (2015) say that company size has a positive effect on audit delay, meaning that the larger the company size, the longer the audit delay because the bigger the company, the more assets it has, so the auditor must take more audit samples, which causes more time to complete audit tasks than in small firms. Thus, the authors hypothesize:

H3: Firm size has a positive effect on audit delay.

Effect of KAP Reputation on Moderating Profitability on Audit Delay

Profitability is the ability of a company to generate profits. This will encourage management to issue financial reports more quickly because a high level of profitability is good news, indicating that evaluating company performance also speeds up the audit process. The effect of profitability on audit delays can be strengthened by using well-known KAP services, which are usually able to complete the audit process more quickly, thereby reducing audit delays [15]. Clients usually choose a reputable KAP because they are

believed to have adequate human and technological resources, which can provide reports with higher audit quality and minimize delays in completing the audit process [12]. Thus, the authors hypothesize:

H4: KAP's reputation strengthens the effect of profitability on audit delay.

Effect of KAP Reputation on Moderating Leverage on Audit Delay

A company with high financial leverage has a high financial risk because it is also experiencing financial difficulties, which makes the external auditor more careful in carrying out various checks that lead to a lengthy audit report. According to Wulandari & Utama (2016), the auditor will need even more time to complete the audit because more evidence is needed to ensure the accuracy of the debt level. Therefore, the selection of a public accounting firm affiliated with the Big Four is carried out in order to be able to audit more effectively and efficiently, as well as to have higher flexibility in order to reduce the untimely publication of financial reports. Thus, the authors hypothesize:

H5: The reputation of a public accounting firm strengthens the effect of leverage on audit delay.

Effect of KAP Reputation on Moderating Company Size on Audit Delay

The size of the company determines the size or smallness of the company. A larger company will usually speed up the preparation of financial statements and give the auditor more time to review them. The effect of company size on audit delay is further strengthened by KAPs that have a good reputation because they have flexible planning resulting in shorter audit durations [15]. Thus, the authors hypothesize:

H6: KAP's reputation strengthens the influence of company size on audit delay

3. METHOD

The population used in this study are companies classified as the LQ-45 index on the Indonesia Stock Exchange in 2017–2021. deep sample determination method. This research uses purposive sampling. The type of data in this study is quantitative, which focuses on testing hypotheses and measuring and researching variables so that they will produce conclusions. There are 45 companies participating in the LQ-45 index for 2017-2021, but only 24 are included in the criteria in this study.

Table 2. Company Sample Criteria

No.	Information	Total
1.	Companies included in the LQ-45 index for 2017-2021	45
2.	Companies that are not included in the LQ-45 index consecutively from 2017-2021	(18)
	Number of Sample Companies	27
	Total Number of Samples	135

Source: The data was processed by the author, 2022

The purpose of the authors' research is to analyze the influence of profitability, leverage, and firm size on audit delay, with KAP reputation as a moderating variable. The variables used are profitability (independent variable X1), leverage (independent variable X2), company size (independent variable X3), audit delay (dependent variable), and KAP reputation (moderation variable). This type of secondary data is obtained from the website of the Indonesian Stock Exchange and the official website of each company. SPSS version 26 was used to perform data processing.

Table 3. Operational Measurement

No.	Variables	Pengukuran	Referensi
1.	Audit Delay (Y)	Number of days needed by independent auditors to complete their audit assignments AD = Date of Audit Report - Date of Financial Statement	Rochmah et al. (2022)
2.	Profitabilitas (X1)	The indicator in this study is Return on Assets (ROA), this ratio is used to measure a company's ability to generate company profits or profits with available assets. ROA = $\frac{\text{Net Income After Tax}}{\text{Total Assets}} \times 100\%$	Rochmah et al. (2022)

3. *Leverage* (X2) The solvency ratio is the ratio used to measure a company's ability to pay all of its debts, both long-term and short-term. Elvienne & Apriwenni(2019)

$$DER = \frac{\text{Total Liabilitis}}{\text{Total Assets}} \times 100\%$$
4. *Ukuran Perusahaan* (X3) Company size is a measure that shows the size of a company. The size of the company used in this study is the total assets owned by the company. Pratiwi (2018)

$$SIZE = \ln(\text{Total Assets})$$
5. *Reputasi KAP* (Z) KAP reputation measurement is done by using a dummy variable. Rosalia et al. (2019)

$$KAP = 0 = \text{KAP Non The Big Four}$$

$$1 = \text{KAP The Big Four}$$

Regression analysis is used to examine the effect of profitability, leverage, and firm size on audit delay.

$$AD = a + b_1 ROE + b_2 DER + b_3 SIZE + e$$

The equations in the Moderated Regression Analysis of this study are:

$$AD = a + b_1 ROE + b_2 DER + b_3 SIZE + b_4 ROE * KAP + b_5 DER * KAP + b_6 SIZE * KAP + e$$

Information:

AD = Audit Report Lag

α = Konstanta

b (1,2,..) = Koefisien Regresi

ROE = Profitabilitas

DER = Leverage

SIZE = Ukuran Perusahaan

KAP = KAP jika *Big Four* diberi skor 1, dan diberi skor 0 jika *Non Big Four*

ROA*KAP = Interaksi ROA dan KAP

DER*KAP = Interaksi DER dan KAP

SIZE*KAP = Interaksi SIZE dan KAP

e = Standart error.

4. RELUST AND DISCUSSION

Descriptive statistics

Tabel 4. Statistik Deskriptif

Variable	N	Minimum	Maximum	Mean	Std. Deviation
ROA	135	,31	26,96	8,3461	4,71625
DER	135	,20	6,08	,6946	1,26569
SIZE	135	22,64	39,48	33,3860	4,36340
AD	135	3,18	4,64	3,9842	,42552
KAP	135	,00	1,00	,8667	,34120
Valid N (listwise)	135				

Catatan: ROA = Profitabilitas; DER = Leverage; SIZE = Ukuran Perusahaan;

AD = *Audit Delay*; KAP = Kantor Akuntan Publik

Source: SPSS 26 (2022)

Based on Table 4, the audit delay variable in the 135 samples studied shows a minimum value of 3.18 and a maximum value of 4.64, which means that the fastest audit delay range is 24 days and the longest is 104 days, and the average audit delay value is 3.9842. This means that the sample companies have an average audit delay of 53.75 days with a standard deviation of 0.42552.

The profitability variable has a minimum of -0.31 and a maximum of 26.96, with an average of 8.3461 and a standard deviation of 4.71625. The leverage variable has a minimum of 0.20 and a maximum of 6.08, with an average of 0.6946 and a standard deviation of 1.26569. The variable firm size has a minimum of 22.64 and a maximum of 39.48, an average of 33.3860, and a standard deviation of 4.36340. This value means that there is a deviation of 0.58 from the average value.

The KAP reputation variable has a minimum value of 0 and a maximum value of 1. KAP reputation has an average value of 0.8667 with a standard deviation of 0.34120 from a total of 135 samples. This shows that as much as 86.6% of research observations were audited by KAPs affiliated with the Big Four.

Uji Normalitas

Tabel 5. Uji Normalitas

		Unstandardized Residual
N		135
Normal Parameters^{a,b}	Mean	,0021
	Std. Deviation	,26052
Most Extreme Differences	Absolute Positive	,062
	Negative	-,047
Test Statistic		,062
Asymp. Sig. (2-tailed)		,200 ^{c,d}

Based on the results of the normality test in Table 5, it can be concluded that audit delay is a variable (Y) that gives the probability level described by Asymp. Sig. (2-tailed), namely $0.200 > 0.05$, means that the data in this study are normally distributed and the regression model is feasible to use to predict the effects of profitability (X1), leverage (X2), and firm size (X3).

Multicollinearity Test

Table 6. Multicollinearity Test Results Coefficients^a

		Collinearity Statistics	
Model		Tolerance	VIF
1	ROA	,998	1,002
	DER	,964	1,037
	SIZE	,964	1,037

Based on Table 6, it can be seen that the profitability tolerance value (X1) is $0.998 > 0.10$, leverage (X2) is $0.964 > 0.10$, and company size (X3) is $0.964 > 0.10$. In addition, the profitability VIF value (X1) is $1.002 < 10.0$, leverage (X2) is $1.037 < 10.0$, and firm size (X3) is $1.037 < 10.0$. Therefore, it can be concluded that there is no multicollinearity or relationship between the independent variables in this study.

Autocorrelation Test

Tabel 7. Hasil Uji Autokorelasi Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,852 ^a	,725	,712	,22820	1,897

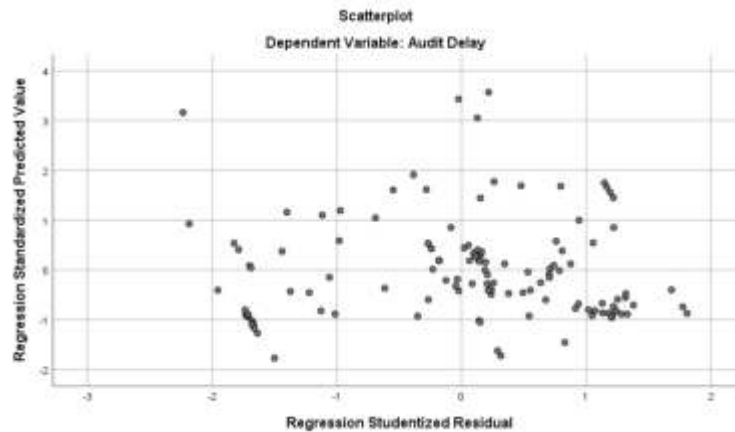
a. Predictors: (Constant), X3.Z, Leverage, Profitabilitas, Ukuran Perusahaan, X1.Z, X2.Z

b. Dependent Variable: *Audit Delay*

Based on the results of Table 7, it was found that the Durbin Watson value was 1.897. Meanwhile, in the Durbin-Watson table, the dU value is 1.7645 and the dL value is 1.6738, so the $4 - dU$ value is 2.2355 ($4 - 2.235$). Thus, it can be concluded that the Durbin-Watson (d) value is between dU 1.7645 and dW 1.897 and $4 - dU$ 2.2355. This proves that the regression model in this study does not show symptoms of autocorrelation, either positive or negative, with $N = 135$ and the number of independent variables being 3.

Heteroscedasticity Test

Table 8. Heteroscedasticity Test Results



The points in Table 8 are spread out and do not form a specific pattern, indicating that they are free of heteroscedasticity symptoms.

Uji Hipotesis

Tabel 9. Hasil Uji F
ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	17,598	6	2,933	56,321	,000 ^b
Residual	6,666	128	,052		
Total	24,263	134			

- a. Dependent Variable: *Audit Delay*
 b. Predictors: (Constant), X3.Z, Leverage, Profitabilitas, Ukuran Perusahaan, X1.Z, X2.Z

Based on Table 9, the results of the F statistical test, the value obtained was 56.321, and the significance value obtained was 0.000 = 0.05. So it can be concluded that profitability, leverage, and firm size together (simultaneously) have a positive effect on audit delay.

Table 10. Determination Coefficient Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,852 ^a	,725	,712	,22820	1,897

- a. Predictors: (Constant), X3.Z, Leverage, Profitabilitas, Ukuran Perusahaan, X1.Z, X2.Z
 b. Dependent Variable: *Audit Delay*

Based on Table 10, the value of the coefficient of determination (adjusted R-squared) is 0.712, which means that 71.2% of audit delay (Y) is influenced by independent variables, namely profitability (X1), leverage (X2), and firm size (X3), while 28.8% is influenced by other variables not included in this research model.

Table 11. Regression Analysis Test Results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1,216	,172		7,052	,000
ROA	-,007	,003	-,107	-2,097	,038
DER	,081	,015	,291	5,534	,000
SIZE	,083	,005	,839	16,492	,000

- a. Dependent Variable: *Audit Delay*

Based on Table 11, the results of the t test show how influential profitability, leverage, and company size are on audit delay. The results will show the direction and intensity of the variable influence which describes the positive or negative influence of the independent variable on the dependent variable, and the intensity of the effect is determined by the magnitude of the regression coefficient.

Based on the results of testing the first hypothesis, it states that profitability has a negative effect on audit delay with a regression coefficient (1) of -0.007 and a sig. 0.038 0.05 with a t value of 7.052, meaning that the results of the hypothesis in this study are accepted. Profitability in this study uses ROA. A company with a high ROA means that the company has used its assets efficiently so that it can generate high profits for the company and its shareholders. This is in accordance with the signaling theory, which states that companies that have high profitability will submit financial reports on time and tend to quickly give signals to market share because company management wants to ensure that the company is in a strong competitive position and shows that the company's performance is good [8]. The results of this study are in accordance with the results of research conducted by Wulandari & Utama (2016), which states that the greater a company's ability to generate profits, the faster the audit process occurs, thereby shortening the audit delay range.

Meanwhile, the second hypothesis yielded a 2 of 0.081 and a sig. 0.00 0.05 with a t value of 5.534. This means that leverage has a positive effect on audit delay, and these results prove the hypothesis is accepted. This is because high leverage is bad news for the company, so it needs to improve its financial statements before publishing them. The greater the debt received by the company, the longer the audit delay because it makes the auditor more confident in determining audit risk, so more evidence must also be collected. This makes the audit process take longer and has an impact on the length of time to complete the audited report. High levels of debt will require a lot of confirmation which will take time to complete the audit, because the auditor requires more credible evidence. The results of this study are in line with the research of Al-Faruqi (2020) and Elviene & Apriwenni (2019), which state that leverage has a positive effect on audit delay.

The third hypothesis of firm size, on the other hand, yields a 3 of 0.083 and a sig. 0.00 0.05 with a t value of 16.492. This means that company size has a positive effect on audit delay, and these results prove the hypothesis is accepted. These results indicate that the size of a company affects the process of late audit reporting within the company. The presence of a positive influence implies that the larger the company, the more likely an audit delay will occur. Because large companies have broader activities, the volume of which increases, the quantity of transactions within the company increases, and transaction complexity increases, more audit procedures must be performed. The results of this study are in line with the research by Sari et al. (2020), who say that large companies have broader organizational tools, so the audit process also takes time.

Table 12. Moderated Regression Analysis (MRA) Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	1,153	,163			7,072	,000
ROA	,111	,035	1,229		3,130	,002
DER	2,076	,666	6,176		3,119	,002
SIZE	,038	,010	,387		3,940	,000
ROA*KAP	-,113	,036	-1,451		-3,155	,002
DER*KAP	-1,995	,665	-6,027		-3,000	,003
SIZE*KAP	,045	,009	1,284		4,953	,000

a. Dependent Variable: *Audit Delay*

Based on Table 12, the results of the moderated regression analysis (MRA) test show how influential KAP reputation is in moderating profitability, leverage, and company size on audit delay.

The test results on the fourth hypothesis show that KAP's reputation has a moderating role that can strengthen profitability against audit delay. These results can be seen from the moderation coefficient (1), which has a value of -0.113 and a sig. of 0.002 0.05 with a t-count of -3.155. These results indicate that the results of the first hypothesis are accepted and that KAP's reputation can strengthen the effect of profitability on audit delay. KAP's reputation is able to strengthen the relationship between profitability and audit delay, namely, shortening audit delay equally. Companies that obtain a high level of profitability will be spurred to immediately submit their audit reports and choose KAPs with a good reputation; they

will be quicker to publish financial reports to the public because KAPs affiliated with the Big Four have adequate human and technological resources, which can provide reports with higher audit quality. These results agree with the results of Murti & Widhiyani (2016) research, which state that KAP's reputation can strengthen the relationship between profitability and audit delay.

The test results on the fifth hypothesis show that KAP reputation has a moderating role that can strengthen leverage on audit delay. This result can be seen from the moderation coefficient (2), which has a value of -1.995 and a sig. of 0.003 < 0.05 with a t-count of -3,000. These results indicate that the second hypothesis is accepted, namely, that KAP's reputation can strengthen the effect of leverage on audit delay. The large amount of debt caused the company to experience minor problems, which forced the company to confirm the acquisition of the company's debt from related parties. The higher the company's debt, the longer the audit process is carried out by the auditor, but the selection of a good public accounting firm can reduce the untimely publication of financial reports caused by high debt. This is because the selection of KAPs affiliated with the Big Four can audit more effectively and efficiently, as well as having higher flexibility so as to reduce delays in submitting financial reports.

The results of the sixth hypothesis test show that KAP reputation plays a moderating role in reducing company size as audit delays increase. This result can be seen from the moderation coefficient (β_3) which has a value of 0.045 and a sig. of 0.000 < 0.05 with a t-count of -4.953. These results indicate that the hypothesis is rejected that KAP reputation can weaken the effect of company size on audit delay. The test results indicate that a company with a large size will increase the likelihood of an audit delay occurring. A large company certainly has high complexity in its financial statements. There are also many transactions that occur; for this reason, the auditing process also requires quite a bit of time because it requires an adequate sample. This is because the size of a company means that the number of assets owned also tends to be large. so that the time needed for the auditor to carry out the audit will also be longer. KAP's reputation weakens the effect of company size on audit delay. To be able to produce good audit quality, caution is needed in conducting audits. Auditors will work carefully with the potential to extend the audit period so that audit reporting takes longer because they have a significant amount of responsibility in auditing large corporations. This is consistent with the findings of Murti and Widhiyani (2016) and Sari et al. (2020) who found that KAP's reputation mitigates the effect of company size on audit delay.

5. CONCLUSION

This study aims to identify the effect of profitability, leverage, and company size on audit delay, moderated by KAP reputation. In accordance with the results of the analysis and discussion, it can be concluded that profitability has a negative effect on audit delay. Furthermore, leverage has a positive effect on audit delay. In addition, company size shows positive results on audit delay. The impact of KAP reputation on audit delay can be mitigated by profitability, leverage, and company size.

The findings of this study suggest that companies should pay attention to profitability and leverage because it can cause an audit delay. For auditors, the results of this study require more flexibility in audit planning. In this study, only LQ-45 companies listed on the Indonesia Stock Exchange were used; further researchers are advised to conduct tests on other industrial companies to see whether KAP's reputation moderates the effect of profitability, leverage, and company size on audit delay in other companies. In addition, this study only uses performance variables. Future researchers are encouraged to include additional variables that can affect audit delay.

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