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THE INFLUENCE OF LIQUIDITY, PROFITABILITY AND SOLVENCY ON AUDIT DELAY IN ENERGY SECTOR COMPANIES LISTED ON THE IDX IN 2020-2022

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ABSTRACT

The purpose of this study is to ascertain how liquidity, profitability, and solvency affect audit delay. This study employs quantitative techniques. Employed in this study is the population of energy sector companies listed between 2020 and 2022 on the Indonesian Stock Exchange. This study employed the purposive sampling method as its sampling technique. 180 organisations made up the entire research sample from 2020 to 2022. This study employs several different analytic techniques. The study's findings indicate that while the significant value for profitability is 0.417, the variables for liquidity and solvency have no bearing on audit delay because their significant values are greater than 0.05.

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1. INTRODUCTION

Go Public Companies must submit their annual financial reports to BAPEPAM and Financial institutions and make them public four months after the conclusion of the fiscal year. Financial examines need to go through an audit process by an independent auditor before being published. Auditing is a process for objectively finding and evaluating evidence related to economic activities to determine the conformity between statements and established criteria (Ulfa et al., 2022).

Because of audit delays or auditors' delays in delivering audit opinions on financial reports, some companies arrive late when it comes to filing financial examines to 2Indonesian Stock Exchange. The amount of time the auditor needs to finish the audit procedure is known as the audit delay, As determined by the variation in the date of the business's financial report with the independent auditor's report (Hakim et al., 2022). Audit delays happened in energy sector businesses listed on the Indonesia Stock Exchange (www.idx.co.id) between 2020 with 2022.

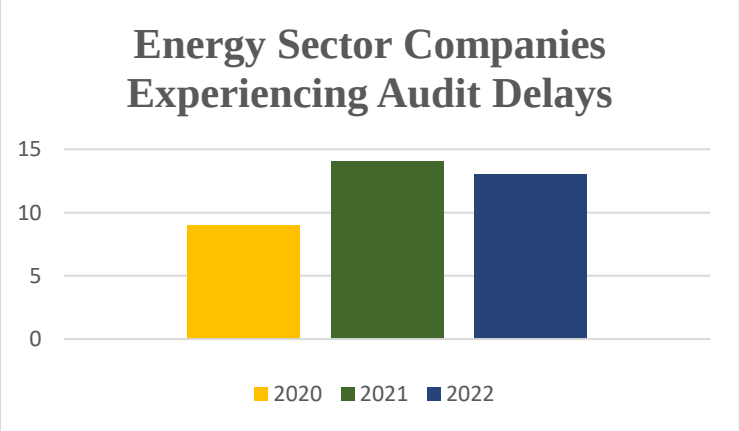

Figure 1. Energy Sector Company Data

Judging from the data, energy sector companies are still experiencing delays in submitting financial reports. This delay period occurred for 3 years and there was a significant increase, namely in 2020 there were 9 companies, in 2021 there were 14 companies, and in 2022 there were 13 companies. Numerous criteria, such as business size, profitability, solvency, liquidity, firm age, and KAP reputation, influence the length of the audit.

Company size one of guide that assesses all company assets (Saputra et al., 2020). Previous research by Hakim et al (2022) found that the length of the audit is influenced by the company's size. which implies that sooner or later audit postponement reports will appear in companies with small or large assets. However, Sari and Nisa (2022) found the audit delay is unaffected by company size.. This implies that large or small companies face the same pressure from external parties to issue audited financial reports in a timely way. Profitability is the capacity of a business for create revenue (Prihadi, 2020). Previous research by Sari & Nisa (2022) found that profitability affects audit postpnement. Profitable businesses prefer to accelerate financial reporting. However, research by Fitri et al (2022) claims that the impact of profitability on audit delay is zero. Companies with high or poor profitability prefer to expedite the audit process.

The capacity of an organization to complete its financial commitments.. The things that a company owns indicate its ability to meet its obligations (Rini, 2022). Indriani and Alamsyah (2020) discovered that solvencibility has a beneficial influence on audit postponements. If the company is found to be heavily in debt, the auditing of financial accounts will take a lengthy period. However, research by Saputra et al (2020) states that solvency has no influence on audit delay. An auditor's accuracy and prudence are required during the audit process of financial statements of organizations with high and low debt amounts. Liquidity is defined as a Ability of the business to pay all short-term debt using current assets (Erita, 2020). Erita (2020) discovered that Liquidity doesn't affect the audit's postponements. A large level of debt in a firm refuses to prevent it from meeting its short-term obligations. However, Sutarno et al. (2021) discovered that liquidity had a negative but non- substantial impact on the audit's delay.

Company age is the amount of time a firm has been in operation, beginning with the day it was created and ending with the year it closed its accounts (Yanti et al., 2020). Previous research by Yanti et al (2020) revealed that age of the business doesn't affect the audit's delay. Companies which have been in business for a long time and have grown in size have strong operational capabilities. Similar to, if the company is new and has good financial reporting, the age of the company has no bearing on the duration of the audit delay. Result of this research agree to those of Pattinaja and Siahainenia (2020), who found that The audit delay was unaffected by the firm age.

KAP reputation is an assessment or view of KAP regarding the audit results produced for its users (Sari, 2022). Previous research by Sari and Nisa (2022) discovered that Audit delay is influenced by KAP reputation. This is because a KAP with a solid reputation and relationship with the Top 4 is thought In order to speed up the audit process due to the auditors have high flying hours and are skilled. The findings of this study support Alfiani and Nurmala's assertion that KAP reputation influences audit delay.

2. METHOD

Type of Research

This study employs quantitative research methods. Quantitative methods are research methods for analyzing data using an arrangement of numbers to provide detailed results (Sinambela, 2020).

Population and Sample

This study's population consists of all 2020–2022 saw firms in the energy industry list on the Indonesia Stock Exchange. This research, sampling was done utilizing a deliberate sampling strategy based on numerous criteria, namely:

Table 1. Sampling

Number	Criteria	Number of Companies
1	Energy sector companies listed on the Indonesia Stock Exchange for the 2020-2022 period	80
2	Energy sector companies that do not publish consecutive financial reports for the 2020-2022 period	(20)
	Total Number of Samples for Research Period	60
	Total sample for 3 years (60 x 3)	180

Data Collection Technique

Researchers collected data through literature study. Literature study uses the help of previous journals, articles, books and other literature sources. Researchers also collected secondary data via the BEI website in the form of financial reports needed to support research.

Data Analysis Method

The information that was acquired through literature study is then analyzed using descriptive quantitative analytical approach or descriptive statistics. To analyze data using descriptive statistics, the researcher describes the data collection that has been obtained in order to produce conclusions. The average value, standard deviation, variance, max, min, sum, range, kurtosis, and randomness are used to describe data in these descriptive statistics.

3. Classic Assumption Test

We will use the following methods to test the secondary data:

a. Normality test

The information is frequently distributed or not, depending on the results of the normality test. This study makes decisions using the Kolmogrov-Sirnov test depending on:

1. The distribution of the data will be normal if the significance level is greater than 0.05.
2. A data distribution that is aberrant will result if the significance threshold is less than 0.05.

b. Test of Multicollinearity

Using the multicollinearity test, one can ascertain whether or not there is a significant relationship between a single variable and other variables in the regression model.

c. Test of Heteroscedasticity

The heteroscedasticity test establishes if the residual variance of an observation is equal or not. Using the scatterplot graph, you may determine heteroscedasticity.

d. Test of Autocorrelation

In the linear regression model, the autocorrelation test establishes whether or not there is a time association. Researchers can use the Durbin Watson value to confirm the link between variables.

4. Multiple Linear Regression Analysis

In the case of energy segment businesses listed on the IDX between 2020 and 2022, this kind of study was conducted to ascertain the extent to which the independent variables—liquidity, profitability, and solvency—influenced the dependent variable, audit delay. The following is the equation for the independent variables in the study:

$Y = a + b1X1 + b2X2 + b3X3 + e$

Information :

Y	: Dependent variable (audit delay)
a	: Constant
b1,b2,b3	: The coefficients of regression for every independent variable
X1, X2, X3	: Liquidity, Profitability, Solvency

5. Hypothesis Testing

Usually, this is used to determine how an independent variable affects a dependent variable. Ho is approved and Ha is denied if the estimated t value in the t table is equal to 5%. Ha is acceptable but Ho is rejected if the calculated t value > table or if the t calculated t table at = 5%.

Operational Definition

6. Audit Postponement

Is how long it takes to finish financial reports, calculated using the moment the financial report books are closed up to the auditor's examine date is completed. The following audit delay indicators:

Financial Report Book Closing Date – Audit Report Date = Audit Delay

7. Liquidity

It is the company's ability to pay all of its bills when they are due. The following are liquidity indicators:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Debt}}$$

8. Profitability

It is the capacity of the business to make money which can be determined by use of profitability ratios. Indicators for measuring profitability are as follows:

$$\text{Return Of Assets} = \frac{\text{Net Profit After Assets x 100\%}}{\text{Total assets}}$$

9. Solvency

Is company capacity to meet its financial commitments. Indicators for measuring solvency are as follows:

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$$\text{Debt to Asset Ratio} = \frac{\text{Total Debt x 100\%}}{\text{Total Assets}}$$

3. Result And Discussion

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Y	180	34,00	404,00	101,6556	39,66935
X1	180	,00	3259,06	20,0001	242,78126
X2	180	,00	,62	,1065	,12666
X3	180	,00	2,42	,5253	,34144
Valid N (listwise)	180				

The next table reveals that there are 180 samples (N), with a mean value of 101.6556 and a standard deviation of 39.66935. The audit delay variable has a minimum value of 34.00 and a maximum value of 404.00. Furthermore, with an average value (mean) of 0.1065 and a standard deviation of 0.12666, the profitability variable has the greatest (maximum) value of 0.62 and the least (minimum) value of 0.00. The solvency variable has an average value (mean) of 0.5253 and a standard deviation of 0.34144. Its lowest (minimum) value is 00.00, and its maximum (maximum) value is 2.24. Lastly, the liquidity variable has a mean (average) value of 20.0001 and a standard deviation of 242.78126. Its minimum and highest values are 0.00 and 3259.06, respectively.

Classic Assumption Test

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		175
Normal Parameters[a,b]	Mean	-4,1609778
	Std. Deviation	26,35134666
Most Extreme Differences	Absolute	,099
	Positive	,099
	Negative	-,057
Kolmogorov-Smirnov Z		1,316
Asymp. Sig. (2-tailed)		,063

a. Test distribution is Normal.
b. Calculated from data.

According to the table above, the normalcy test demonstrates a significant level of significance. 0.063, which means >0.05, resulting in a normal data distribution.

Table 4. Multicoleniarity Test

Coefficients[a]

Standardized Coefficients	t	Sig.	Collinearity Statistics	
Beta			Tolerance	VIF
	22,721	,000		
-,061	-,814	,417	,945	1,058
-,224	-2,991	,003	,955	1,048
,132	1,784	,076	,982	1,019

a. Dependent Variable: Y

Based on the results from the table above, tolerance numbers that exceed 0.10 and VIF that do not exceed 10 indicate that the independent variables used are not connected to one another.

Table 5. Heteroskedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,113	,017		6,723	,000
	X1	-4,323E-005	,000	-,102	-1,304	,194
	X2	,065	,064	,079	1,014	,312
	X3	,020	,025	,061	,791	,430

According to the table above, the significant value of variable X1 (liquidity) is 0.194, variable X2 (profitability) is 0.312, and heteroscedasticity is 0.

Table 6. Autocorrelation test

Model Summary[b]

Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
,068	26,42102	1,839

a. Predictors: (Constant), X3, X2, X1

b. Dependent Variable: Y

Compare the DU value in the Durbin Watson table with the calculated DW value and 4-DU value in the table to evaluate the findings of the autocorrelation test above.

DU value in the table = 1.7877
DW Calculate = 1.839
4–DU = 4 – 1.7877 = 2.2123

From the results above, it shows that DW is between DU and 4-DU 1.7877<1.839<2.2123, implying that there are no signs of autocorrelation. Thus, the data passes the classic autocorrelation assumption test.

Table 7. Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	98,648	5,902		16,715	,000
	X1	-,006	,012	-,034	-,461	,645
	X2	-61,345	23,253	-,196	-2,638	,009
	X3	18,376	8,500	,158	2,162	,032

a. Dependent Variable: Y

a. Dependent Variable: Y

Applying the formula for multiple linear regression analysis equation, one can obtain the subsequent multiple linear equation:

98,648 - 0.006 - 61,345 + 18,376 + e is the audit delay. Therefore, the b1 value is -0.006, the b2 value is -61.345, the b3 value is 18.376, and the constant value is 98.648.

This formula indicates that:

a. There will be a 98,648 unit increase in the audit delay if variables X1, X2, and X3 are constants.

b. There will be a 0.006 reduction in the audit delay for every unit rise in the cash ratio.

c. A one-unit rise in the ROA ratio will result in a 61,345-day reduction in the audit delay.

d. An increase of one unit in the solvency ratio will result in an 18,376-second increase in the audit delay.

HYPOTHESIS TEST

Table 8. T Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	96,751	4,258		22,721	,000		
	X1	-,007	,008	-,061	-,814	,417	,945	1,058
	X2	-48,108	16,084	-,224	-2,991	,003	,955	1,048
	X3	11,255	6,309	,132	1,784	,076	,982	1,019

a. Dependent Variable: Y

Based on the findings in the table, the following conclusions can be drawn:
1. H1 is rejected because the noteworthy value is 0.417 > 0.05, indicating that liquidity and audit delay have no partial impact.
2. H2 is accepted since the noteworthy value is 0.003 0.05, indicating that profitability has a partial influence on audit postponement..
3. H3 is rejected because the significant value is 0.076 > 0.05, indicating that solvency and audit delay have no partial influence.

Table 9. TEST F

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10886,845	3	3628,948	5,199	,002[b]
	Residual	119370,012	171	698,070		
	Total	130256,857	174			

a. Dependent Variable: Y
b. Predictors: (Constant), X3, X2, X1

According to the table above, the significant value of all variables is 0.002, indicating that the data above passes the F test.

Table 10. **Determination Coefficient Test**

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,289[a]	,084	,068	26,42102	1,839

a. Predictors: (Constant), X3, X2, X1
b. Dependent Variable: Y

The preceding table's results show that the Adjusted R Square value is 0.068, or 6.8%. This means that the factors X1 (liquidity), X2 (profitability), and X3 (solvency) have a limited or small impact on variable Y (audit delay), with the remaining portion (100%-6.8%= 93.2%) being influenced by other factors not included in this study, such as the size and age of the company, KAP reputation.

DISCUSSION

The Effect of Liquidity on Audit Delay

The liquidity variable has no effect on the audit postponement in energy category enterprises listed on the IDX in 2020–2022, according to the preliminary test results. Therefore, our research confirms Erita's (2020) finding that liquidity has no bearing on the audit's deferral because a company's high debt load has no bearing on its ability to pay its immediate debts.

The Effect of Profitability on Audit Delay

Preliminary test results indicate that for energy sector companies listed on the IDX in 2020–2022, the liquidity variable has a contemporaneous influence on audit delay. Hence, our research validates the conclusions of Sari and Nisa (2022), who discovered that profitability affects the length of an audit. Profitable businesses encourage management to release financial reports more quickly, which shows that

they are efficient with their assets and can turn a profit that is substantial for both the company and its owners.

The Effect of Solvency on Audit Delay

Preliminary test data indicates that the solvency variable has no discernible impact on audit delay firms in the energy sector listed on the IDX in 2020–2022. Therefore, this study confirms the results of Saputra et al. (2 020), who discovered that solvency has no bearing on the deferral of an audit. An auditor needs to be accurate and cautious while reviewing the financial accounts of companies with both high and low levels of debt.

4. CONCLUSION

Finding out how liquidity, profitability, and solvency affected audit delays in energy sector companies listed on the IDX in 2020–2022 was the aim of this study. The findings enable one to conclude that solvency has no appreciable impact on audit delays in energy industry firms listed on the IDX in 2020–2022, profitability has a major influence on audit delays in energy sector companies listed on the BEI in 2020–2022, and liquidity has little effect on audit delays in energy sector firms listed on the BEI in 2020–2022. These conclusions come from third-party auditors.

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