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The Influence of Solvency, Profitability, and Size of KAP on Audit Delay 2017-2019 Period

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Abstract

The report of a financial statement is a description of a corporation's performance, without the existence of financial reports, users of financial statements such as owners, company management, investors, and others cannot know the development of the company. Although financial reports are very necessary and useful, there are still many companies that are late in providing their financial reports (Audit Delay). This research was conducted to determine the factors that form financial statements such as solvency, profitability, and size of the public accounting firm (KAP) that affect the occurrence of audit delay. The technique used in this study is a quantitative research method so that a sample of 90 financial reports can be obtained from 30 banking companies that provide their financial reports continuously from 2017 to 2019.

Keywords **Audit Delay, KAP Size, Profitability, Solvency**

INTRODUCTION

Financial statements Every company wherever the company is located and any type of company must produce financial statements from the company. The financial report itself is like a warning from within the company that shows the company's performance which shows that the company is in a good or bad state. The financial statements of a company must be based on accounting regulations in which the financial statements contain historical information from the company and a set of very important number calculations used in calculating the economic value (Pujiyanti, 2015: 111).

All types of companies in all sectors have similarities in the presentation of their financial statements, this similarity is a natural thing because, in the process of making financial statements, the financial report makers already have the rules or regulations that must be met by the company or KAP as the report maker. finance. Lee, (2014) argues that the form of financial statements from all industrial sectors or issuers is the same, namely based on Financial Accounting Standards (SAK) but what can distinguish is the type of account grouping where the account of one issuer sector or industry is not the same as one issuer sector or sector. other industries (p. 3).

The financial statements provided by the company are so important, however, the audit or financial reports provided by the company often experience delays in reporting, delays that occur can greatly affect the company itself. Suryani, Siregar, and Ika. (2020:) argues that the timeliness given by the company in the presentation of financial statements is a very important basis (p. 14). Audit delay What happens in the company is an illustration of the quality of the financial statements provided by the company because the length of time the company provides financial reports can create distrust of the financial statements and make the quality of financial reports worse.

The company's delay in reporting financial statements will harm the company itself because if the company is late in carrying out financial reporting, it will create a crisis of confidence in the company. According to Kawatu, (2019) efficient financial reports should be provided at the specified time because the quality or function of late information will be reduced (p. 26).

In producing financial statements, many factors can cause delays in providing financial statements, but this delay not only affects users of financial statements and companies but can also affect the following year's financial statements. OnIn 2003, the Telkom company experienced delays in submitting its

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financial statements, thus affecting the financial statements of the following year in 2004 and 2005 which also resulted in delays in providing financial reports (Santosa, 2017: 465).

In 2020 the Indonesia Stock Exchange imposed sanctions on 23 issuers or companies that were late in reporting their financial reports to the IDX, as reported in CBNC Indonesia. II and with a fine of 50 million. Based on the news case above, there are still companies that carry out violations by providing financial reports late to the IDX, which has violated the rules that have been set regarding the time limit for submitting audit or financial reports of their companies to the Indonesia Stock Exchange.

Based on the Regulation of the Financial Services Authority (OJK) No. 29 /POJK.04/2016 concerning the Annual Report of Issuers or Public Companies in article 7 regarding Submission of Financial Reports states that Issuers or Public Companies are required to submit Annual Reports to the Financial Services Authority no later than the end of the fourth month after the end of the financial year. Based on the above regulatory statement, companies and issuers must submit or provide financial reports which are no later than 120 days or 4 months after the company closes its books.

Financial statements can be formed from the existence of economic activities in the company, with that the purpose of this research is to find out the elements that make up financial statements which are formulated in several ratios and variables, namely the first is Profitability, and the second is Solvency and the third is Profitability. The size of the Public Accounting Firm (KAP) that affects the dependent variable, namely Audit Delay by using banking sub-sector companies as sample data that provides financial reports for the period 2017 to 2019.

This research was also conducted based on a research gap which has been found where in previous research it has not been found that there is research that researched from 2017 to 2019 which examined the effect of Solvency, Profitability, and KAP Size on Audit Delay. In previous research, it has not been found that there are researchers who research the effect of Solvency, Profitability, and KAP Size on Audit Delay on companies from the financial services sector, namely the banking subsector. Based on the existing gaps, the researchers conducted research based on the known research gaps to fill the existing gaps to provide information that can increase knowledge regarding the provision of late financial reports (Audit Delay).

Theoretical review

Audit Delays a position where the company is late in providing financial reports to the public. Financial statements have the use of guessing, namely estimating the financial situation or financial needs, and future capabilities that will be faced by the company (Kawatu, 2019:26). Based on the information on the financial services authority regulations above, the audit or financial report should be reported at the time that has become the provision, because the audit or financial report contains data that can be used for the sustainability and the way the company moves and if the financial report experiences delays in reporting it will cause delays in the reporting process. reduce the quality of the financial statements. Like the news in the newspaper,

Solvency is the capability to pay long-term bills, both principal and interest bills (Kuswadi, 2008: 182). Solvency is one of the financial ratios generated from the financial statements provided by the company to the public. Companies that produce high Solvency in their projections (having very large debt records) are very risky to company finances, but these companies can have a great possibility to generate greater profits by using the borrowed funds properly (Hery, 2015:163).

This study calculates and explains the solvency of one of the above ratios, namely using the ratio Debt to Equity Ratio (DER). This variable is the part that explains the relative portion between equity and debt used to finance the company's assets. DER has a formula for calculating by comparing the total liabilities and equity of the company (Darya, 2019:147). By using the DER ratio, it can be concluded that the debt should not be greater than the existing capital of the company, therefore the higher the percentage of this ratio the more it shows that the condition of the company is getting better.

Profitability is a standard of the ability of a company to generate profits. According to Zaharudin (2006), that profitability is the standard of an industry or business entity to generate profits by monitoring the capital used (p. 295). Profitability can also provide information about the standard level of regulatory efficiency of a company (Kasmir, 2016:117). In profitability, many ratios can explain profitability. According to Prihadi

(2019), in general, looking for results from profitability can be grouped into three parts, namely:

- Return On Sales (ROS), is the level of profitability associated with the profits earned.
- Return on Assets (ROA), is the level of profitability associated with the assets used.
- Return On Equity (ROE), is the level of profitability associated with the company's assets (p. 166).

But in this study in analyzing the profitability used is Return On Assets (ROA). And this study aims to find the relationship between profitability and Audit Delay in the banking sub-sector. Ubaidilah (2020:14) argues that ROA is very much needed for company owners and company regulators to test efficiency and effectiveness in company management and regulate all company capital. Profitability can be projected by dividing the net income with the results of the company's total assets and displayed in the form of a percentage (Fakhruddin, 2008: 170).

Public Accounting Firm (KAP) is a service company that assists a company in making financial reports in which the business entity has obtained permission from the minister of finance. Based on the regulation of the Minister of Finance Number: 154/PMK.01/2017 concerning the Guidance and Supervision of Public Accountants, it is stated that the KAP of the business entity or service company that can be established based on the requirements of the legislation and has the approval to conduct business activities based on Law Number 5 years 2011 regarding Public Accountants. KAP can provide a guarantee of independence from the service company to shareholders and users of financial statements if the report provided by the company or business entity has met the requirements of generally accepted accounting regulations (Subroto, 2014:21). In the classification, these companies can be grouped into two types, namely Big Four KAPs and non-Big Four KAPs. What distinguishes the Big Four KAPs and non-Big Four KAPs is that the income from the Big Four KAPs is greater than that of other KAPs. Companies from the Big Four branches in the United States often manage to get more profits than branch companies in all existing offices (Dewi, 2010: 63). With the following explanation, the research has a direction to find out how much influence there is between KAP size and Companies from the Big Four branches in the United States often manage to get more profits than branch companies in all existing offices (Dewi, 2010: 63). With the following explanation, the research has a direction to find out how much influence there is between KAP size and Companies from the Big Four branches in the United States often manage to get more profits than branch companies in all existing offices (Dewi, 2010: 63). With the following explanation, the research has a direction to find out how much influence there is between KAP size and audit Delay.

In assessing the effectiveness of management profitability, it is used by looking at the basis of the size of the repatriation obtained from the sale of the company and the investment received by the company (Hery, 2017: 7). The good and bad of the company in managing sales and generating profits can be seen through profitability.

A study conducted by Saemargani and Mustikawati (2015) concluded that profitability and Audit Delay has a significant influence between the two, this research is contrary to the research that has been carried out by Suparsada and Putri (2017) where the research produced is Profitability which shows that there will be a negative influence on Audit Delay.

Amrin (2019) states that the notion of the solvency ratio is useful for assessing the power of the company in fulfilling its obligations if the company is about to be dissolved or liquidated (p 201).

Based on research from Apriyana and Rahmawati (2017) research states that Solvency and Audit Delay have a positive influence on both, but in the research conducted by Lestari and Saitiri (2017) it is contrary to the journal above were the results of the research state that solvency does not exist. influence on Audit Delay or negatively affect Audit Delay.

According to Sari, Hastuti, Ratnawati, (2020:52) said that KAP is a company or business entity that can operate based on the requirements of laws and regulations and obtain approval already based on the laws and regulations regarding public accounting firms.

Based on research that has been studied by Puspitasari and Latrini (2014) stated that the size of KAP and Audit Delay has a significant influence between the two, but in contrast to research conducted by Bahri, Hasan, & Carvalho (2018), the size of KAP has a positive but not significant effect on Delay Audits.

METHOD

Research Design

This study uses a variety of data from quantitative data based on secondary data from banking sub-sector companies listed on the IDX in the 2017-2019 period.

Data Types and Sources

The data used by the author in compiling this report is data from the annual financial report (Annual Report) of the banking sub-sector companies in the period 2017 to 2019 where the research data used is obtained from www.idx.co.id which is the original website of the IDX.

Population and Sample

From this study, the population is audit reports from all banking sub-sector companies listed on the IDX. Due to the large number of banking companies in Indonesia that provide financial reports and are listed on the IDX, many researchers also use research samples consisting of 90 research samples originating from audit or financial reports of 30 banks listed at the IDX office in the 2017-2019 period.

Data analysis method

In this research, statistical analysis used linear regression analysis to find out the relationship between the independent variable or dependent (x) and the dependent variable or independent (Y). To find out the relationship in this study using the F significant test which is useful for finding together whether all of the independent variables can affect the dependent variable, the significant t-test used in this study is useful to determine the effect of one of the dependent or independent variables on the variation of variables. independent or dependent, the classical assumption test used in this research aims to provide knowledge that in the linear regression model there are problems in the classical assumption, and this research test the method using autocorrelation, heteroscedasticity, multicollinearity, normality, as well as the correlation coefficient test and the coefficient of determination. All tests carried out in this research aim to understand the impact of Profitability, Solvency, and Size of KAP which is the independent or dependent variable on Audit Delay, namely the dependent or independent variable.

RESULTS AND DISCUSSION

1. Descriptive Statistics Analysis

Based on table 1, produces descriptive statistics on research related to the characteristics of the variables in this study. Profitability found a minimum value of -6.4 and a maximum value of 3.13 with an average value of 0.6282. Regarding the size of the KAP, it was found with a minimum value of 0 (not big four KAP) and a maximum scale of 1 (big four KAP) with an average of 0.5889. And if you look at solvency, it has a minimum scale of 159.37% and a maximum scale of 1474.84% and the average scale obtained is 635.61%. Regarding audit delay, it was found that a minimum scale of 15 days and a maximum scale of 141 days had an average audit delay scale of 60 days.

In general, two things need to be presented in this section, namely research data and data analysis results. Each component is separated by a subsection title. The technique of writing subsections follows the provisions previously described.:

Table 1. Descriptive Statistics

	N	Minimum	Maximum	mean	Std. Deviation
ROA	90	-6.40	3.13	.6282	1.62927
DER	90	159.37	1474.84	635.61	276,74843
HOOD	90	.00	1.00	.5889	.49479
DELAY	90	15.00	141.00	60.0333	29.23652
Valid N (listwise)	90				

2. Correlation Coefficient

Table 2 shows the correlation coefficient has a very strong relationship from the variables of Profitability, Solvency, and KAP Size to Audit delay seen from the value of r = 0.457. The table shows that in model 1 the R-Square value is 0.208 which can be concluded that the contribution of Profitability, Solvency, and KAP Size to Audit delay is 20.8%.

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. An error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.457	.208	.181	26.46186	.208	7.548	3	86	.000	1.305
a. Predictors: (Constant), KAP, DER, ROA										
b. Dependent Variable: DELAY										

3. Significant Test

With this study, it was found that the model test with the F significant test obtained results in this study, which showed a significant influence on profitability, KAP size, solvency on audit delay. This can be seen from the F test showing the F-count is 7.548 and the Sig value. 0.000 < 0.05.

Table 3. F Test Results

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15855.099	3	5285.033	7.548	.000[a]
	Residual	60219.801	86	700.230		
	Total	76074.900	89			
a. Predictors: (Constant), KAP, DER, ROA						
b. Dependent Variable: DELAY						

4. Classic Assumption Test
   - Durbin Watson Test

The table explains it can be seen that DW 1.189 is in positions -2 and 2, so it is found that the test is accepted and the autocorrelation is not implemented.

Table 4. Durbin Watson

Model	Durbin-Watson
1	1.189

- Multicollinearity

The table defines, it can be seen that VIF < 10 and tolerance value > 0.10, then it is found that if the test is accepted and multicollinearity is not formed.

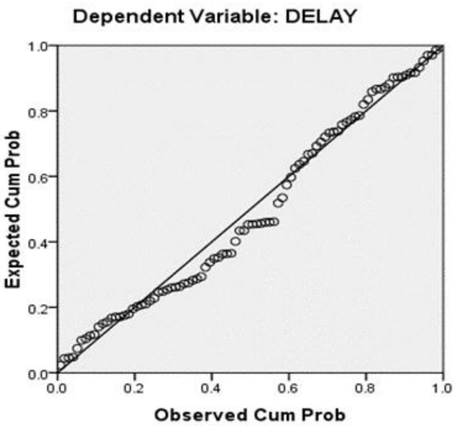
Table 5. Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ROA	.888	1.126
	DER	.906	1.103
	HOOD	.897	1.114

- P-Plot Uji Test

The table can be seen that the plot points are between the diagonal lines, thus it is found that the test is accepted that the data is normally distributed

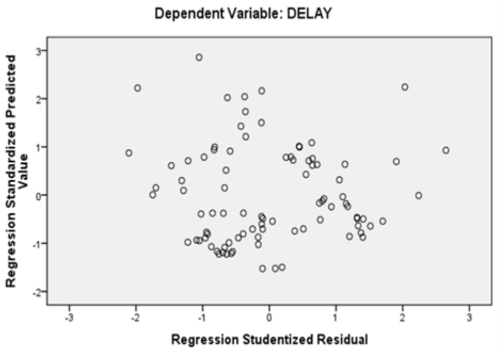
Table 6. P-Plot Uji Test



- Scatterplot

From the table above, it can be seen that the plot points are spread out and do not form a pattern, thus it is found that the test is accepted that there is no heteroscedasticity.

Table 7. Scatterplot



5. Regression Analysis

Table 8. T . Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	65,937	8,781		7.509	.000		
ROA	-4.933	1,827	-.275	-2,700	.008	.888	1.126
DER	.009	.011	.089	.887	.378	.906	1.103
HOOD	-14,956	5,984	-.253	-2.499	.014	.897	1.114

Based on this research, it can be concluded that the model test with a significant t-test illustrates that the results in this study have a significant effect on profitability and audit delay. This can be seen from the significant t-test showing t-count -2700 and the value of Sig. 0.008 at the 5% significant level. Regarding solvency, it is known that there is no significant effect between solvency and audit delay. It can be seen from the significant t-test which shows a t-count weight of 0.887 and a sig value. 0.378 > 0.05. Based on this study, it was found that the model test with a significant t-test showed that this study had a significant influence between the size of the KAP and audit delay. This can be seen from the significant t-test showing t-count -2.499 and the value of Sig. 0.014 < 0.05.

CONCLUSION (TAHOMA 10 BOLD, UPPERCASE)

From this research was found that research related to Profitability and Audit Delay had a significant influence between these two variables on bank sub-sector companies listed on the IDX for the 2017-2019 period. This can be seen from the t-test showing t-count -2700 and the value of Sig. 0.008 at the 5% significant level. This result is in line with hypothesis H1 which shows that there is a significant effect between profitability and audit delay. The results of this study are based on previous research by Amani and Waluyo (2016), Suparsada and Putri (2017).

Regarding the research hypothesis H2, it was found that the results of research related to solvency and audit delay did not have a significant effect on these two variables on bank sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2019 period. This result is not following hypothesis H2 which says there is a significant effect between solvency and audit delay. The results of the analysis that have been carried out are supported by previous research by Soermargani and Mustikawati (2015) and Dewi and Wiratmaja (2017).

Regarding the research hypothesis H3, it was found that the results of research related to the size of KAP and audit delay were a significant influence between the two variables. This can be seen from the t-test showing t-count -2.499 and the value of Sig. 0.014 < 0.05. This result is following hypothesis H3 which says there is a significant effect between KAP size and audit delay. The results of this analysis are supported by previous research by Puspitasari and Latrini (2014) and Harjanto (2017).

Suggestions

The implementation of this research is useful for several parties such as:

1. The KAP is expected to be able to complete the company's audit and be able to provide financial reports to the public following the time and regulations that have been applied.
2. To all companies that provide financial reports, it is hoped that they can complete the recording in the internal part of the company so that the company can hire auditors to carry out audits so that KAP can provide financial reports on time.
3. For further writers, in conducting research, other variables can be used that can affect Audit Delay and may use companies from the sector to obtain more varied data.

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