

Factors on Determining Audit Delay: Evidence from Indonesia

Dhitiya Atika Susilahwati and Dedik Nur Triyanto

Faculty of Economics and Business

Telkom University

Bandung, 40257, Indonesia

dhitiyaatika@student.telkomuniversity.ac.id, dediknurtriyanto@telkomuniversity.ac.id

Abstract

Public companies listed in Indonesia Stock Exchange must to issue their audited annual report to the public in a timely manner. Although the regulation regarding the limits for the issuance of audited annual report have been firmly established, there are still companies which experience delay in issuing their audited annual report. This delay is known as audit delay which calculated from the end of a company's financial year until the audited annual report publication date. The aim of this study is to analyze the influence of audit committee financial expertise, audit committee gender, institutional ownership, and audit effort on audit delay in LQ45 index companies for 2016-2020 period. The research method in this study is quantitative method with data collection techniques are performed through documentation and literature study. The sample selected through non probability sampling technique with purposive sampling method which produces 118 samples. The data analysis methods in this study are descriptive statistics, classical assumptions tests, and panel data regression analysis performed by EViews 12. According to the data analysis, all of the independent variables simultaneously influence the audit delay. Partially, institutional ownership has a positive influence on audit delay. Meanwhile, the audit committee financial expertise, audit committee gender, and audit effort has no influence on audit delay. This study can be an additional source for investors in knowing the condition of a company by considering the number of its institutional ownership. Companies are expected to consider and more selective of institutional investors who have opportunistic tendencies.

Keywords

Audit Delay, Audit Committee Financial Expertise, Audit Committee Gender, Institutional Ownership, Audit Effort

1. Introduction

Companies whose shares are listed in Indonesia Stock Exchange (IDX) are obliged to submit audited annual report on time. This have to be done in the interest to maintain the quality of the information in the annual report itself which will be used as a principle in making various decisions for the future of the company and for investors. Otoritas Jasa Keuangan through POJK No. 29/POJK.04/2016 confirms that the deadline for submitting the audited annual report is at the end of the fourth month (120 days) after the financial year ends (Otoritas Jasa Keuangan 2016). If a public company violates this regulation, Otoritas Jasa Keuangan has the right to impose administrative sanctions or fines. Investors interpret the audited annual report as a signal that can reflect the company's condition (Fitrianingsih and Triyanto, 2020). According to Margamiharja and Triyanto (2021), the annual report needs to be submitted transparently to the public to provide signals that can minimize information asymmetry between management and stakeholders and illustrate opportunities for the company in the future. Afriliana and Ariani (2020) explained, the signal can cause two kinds of reactions from investors, namely reactions to good news signal and reactions to bad news signal. Audited annual report that submitted on time is interpreted as a signal of good news, while audited annual report that experience audit delay more than the predetermined time is interpreted as bad news by investors. Reactions to such signals have the ability to influence the investors' decision to invest in a company.

This study used the LQ45 index companies for 2016-2020 period as the object of the research. The LQ45 index consists of 45 best stocks in the Indonesia capital market which determined based on liquidity and market

capitalization. The LQ45 index aims to be an objective instrument in providing a variety of reliable data for investment managers, financial analysts, and investors (Nurhaliza 2021). Quoting from the official website of Indonesia Stock Exchange (IDX), since 2016 to 2020 the number of companies that experienced audit delay tended to increased, this can be seen in figure 1. The highest number occurred in 2020, which reached 52 companies that experienced audit delay. In the financial years of December 31, 2019 and December 31, 2020, two companies that had been part of LQ45 index were included in the list of companies that experienced audit delay, namely PT. Hanson International Tbk (MYRX) and PT. Trada Alam Minera Tbk (TRAM). This caused the two companies being a subject to a written warning II and a fine of IDR50 million. PT. Telkom Indonesia (Persero) Tbk (TLKM) is one of the companies that has been consistently included in LQ45 index in the five-year of this research period and also experienced an audit delay in the financial year of December 31, 2019. Not only that, another company that is also consistently included in LQ45 index in the five-year of this research period is PT. Media Nusantara Citra Tbk (MNCN), also experienced an audit delay for the financial year of December 31, 2020 (Figure 1).

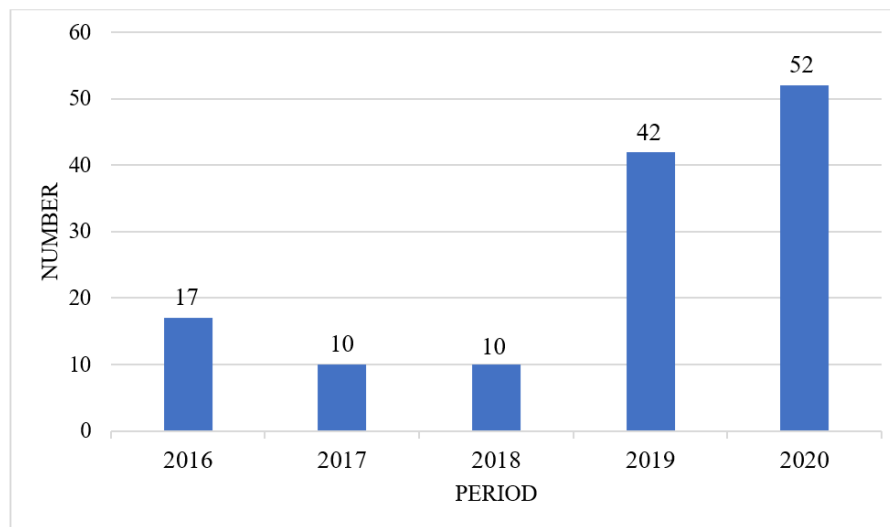


Figure 1. The number of companies which late in submitting audited annual report

Audit delay is defined as the duration between the company's financial year ends until the audited annual report publication date. Companies have to avoid audit delay that exceed the predetermined time in order to maintain the information in the report itself. The longer audit delay has the ability to reduce the quality of the information contained in the audited annual report so that it is no longer relevant to the company's latest condition. Audit delay can be caused by various factors, such as audit committee financial expertise, audit committee gender, institutional ownership, and audit effort.

Otoritas Jasa Keuangan through POJK No. 55/POJK.04/2015 explain that the company's audit committee must have at least one member with financial expertise. Prior studies by Kaaroud et al. (2020) and Oussii and Taktak (2018) stated that audit committee financial expertise has a negative influence on audit delay. However, prior studies by Santiani and Muliarta (2018) and Sihaloho and Suzan (2018) stated that audit committee financial expertise has no influence on audit delay. Female audit committee members are considered capable of improving the quality of a company's financial statement (Rianti and Sari 2014; in Afriliana and Ariani 2020). Prior studies by Susandya and Suryandari (2021) and Anugrah and Laksito (2017) stated that audit committee gender has a negative influence on audit delay. However, prior studies by Pratiwi and Triyanto (2021) and Chukwu and Nwabochoi (2019) stated that audit committee gender has no influence on audit delay.

Institutional ownership is a corporate governance tool to monitor and discipline management, especially its relation with the annual report submission (Alfraih 2016). Prior studies by Oktaviani and Ariyanto (2019) and Frischanita (2018) stated that institutional ownership has a negative influence on audit delay. However, prior studies by Alfraih (2016) dan Soebyakto et al. (2013) stated that institutional ownership has no influence on audit

delay. Audit effort is an effort deployed by the audit team in assessing the audit risks that can arise during the audit process from the forming of the audit team to the audit opinion issuance (Wijayanti and Effriyanti 2019). Prior studies by Effendi (2020) and Putri et al. (2016) stated that audit effort has a positive influence on audit delay. However, prior studies by Pinatih and Sukartha (2017) and Vuko and Cular (2014) stated that audit effort has no influence on audit delay.

The prior studies that have been mentioned before shown that there are inconsistencies in the studies' results of each factor. Based on these inconsistencies, this study aims to prove the influence of the mentioned factors on audit delay. This study aims to examine the association between several factors, such as audit committee financial expertise, audit committee gender, institutional ownership, and audit effort on audit delay in LQ45 index companies for 2016-2020 period. Furthermore, the study also intends to discover whether the LQ45 index which consists of 45 best stocks in Indonesia capital market has a good awareness of its obligations in submitting audited annual report in a timely manner. It is very important for LQ45 index companies to submit audited annual report in a timely manner since the existence of this index itself is aims to be a trusted objective instrument for various parties in collecting factual data related to active stock prices in the capital market. This study contributes to determine the factors that have the ability to influence audit delay in a company so that companies can control these factors in order to reduce the occurrence of audit delay, in addition investors can considers these factors before investing in a company.

2. Literature Review

2.1 Audit Delay

Susianto (2017) stated that audit delay is the number of days spent by auditor in accomplishing the audit process of a company calculated from December 31 to the signed audit report publication date. The duration of the audit delay is usually used as a reference to evaluate the quality of information in a company. Refer to POJK No. 29/POJK/04/2016, Otoritas Jasa Keuangan expressly discloses that the time for submitting a company's audited annual report is at the end of the fourth month (120 days) after the end of the financial year. If there is a company violates this regulation, Otoritas Jasa Keuangan has an authority to provide sanctions. According to Utami (2004:4) in Effendi (2020) audit delay is the duration of time spent by the auditor in completing the audit process from the closing date of the fiscal year to the date of annual report completed. The occurrence of audit delay can affect the accuracy of the information in the report itself that has an impact on the degree of uncertainty of various provisions based on that information (Syafri and Triyanto, 2020). Audit delay is a very important component because audited financial statement is the only basis of information that can be used as a guide by the users to find out the condition of a company (Purnami et al. 2019). Effendi (2020) stated that audit delay can cause fluctuations in stock prices in a company.

Based on those considerations, companies should strive to submit its audited annual report in a timely manner in order to avoid hesitation that can arise among investors. This is because the delay in submitting the audited annual report is interpreted as bad news by the investors which can influence investors' decision to invest in a company. In addition, audited annual report that experienced delay will affect the quality of the information in the report itself which can cause the company to make a wrong decision for the company's future. The prior studies have been examined the factors that can affect audit delay in a company, such as audit committee financial expertise, audit committee gender, institutional ownership, and audit effort. Prior studies by Kaaroud et al. (2020) and Santiani and Muliarta (2018) stated that audit committee financial expertise has a simultaneous effect on audit delay. Prior studies by Pratiwi and Triyanto (2021) and Chukwu and Nwabochi (2019) stated that audit committee gender has a simultaneous effect on audit delay. Prior studies by Oktaviani and Ariyanto (2019) and Alfraih (2016) stated that institutional ownership has a simultaneous effect on audit delay. Prior studies by Wijayanti and Effriyanti (2019) and Vuko and Cular (2014) stated that audit effort has a simultaneous effect on audit delay. Based on the description and the prior studies above, the first hypothesis can be formulated as follows:

H1: Audit committee financial expertise, audit committee gender, institutional ownership, and audit effort have a simultaneous influence on audit delay.

2.2 Audit Committee Financial Expertise

Based on POJK No. 55/POJK.04/2015 in the matter of the Establishment and Guidelines for the Implementation of the Audit Committee, the audit committee in a company must consist of at least three members with a

composition of independent commissioner and outsider members who have no connection with the company. The same regulation mentioned that a company's audit committee must have at least one member who have a financial expertise (Otoritas Jasa Keuangan 2015), because the audit committee members must understand the financial statement well which expected to speed up the audit process in a company. Santiani and Muliarta (2018) argues that audit committee members who have a financial expertise have a better capacity to understand the assessments given by the auditor and are able to provide assistance to auditor in conflict situations with management.

Santiani and Muliarta (2018) also stated that audit committee has a role in monitoring management to prevent acts that benefit themselves while on the other hand can harm shareholders. According to Verawati and Wirakusuma (2016) audit committee is a substantial component in corporate governance that plays a role in monitoring auditor during the audit process and assisting the duties of the board of commissioners. Committee audit members who have financial expertise are expected to be able to improve the effectiveness of the audit committee role and simplify the audit process by the auditor that can reduce the company's audit delay (Rianti and Sari 2014; in Verawati and Wirakusuma 2016). Prior studies by Kaaroud et al. (2020) and Oussii and Taktak (2018) stated that audit committee financial expertise has a negative influence on audit delay. That result shows that audit committee members who have financial expertise have the ability to speed up the audit process which causes audit delay shorter. Based on the description and the prior studies above, the second hypothesis can be formulated as follows:

H2: Audit committee financial expertise has a negative and significant influence on audit delay.

2.3 Audit Committee Gender

Gender is a divergence between men and women that can be observed through emotional characteristics, attitudes, and behaviors (Afriliana and Ariani 2020). The theory of resource dependence considers that the presence of woman in the board can provide different ideas, views, and experiences (Chukwu and Nwabochi 2019). When it comes to the processing information, men do it selectively but women do it comprehensively whereas women are able to process more detailed information in the context of decision making while men only process a part of the information (Santiani and Muliarta 2018). Frischanita (2018) stated that women are better at processing information than men, so that the presence of women in the audit committee have the ability to improve the quality of financial statement and speed up the work of external auditor because women always want a better insurance service.

Women are risk-averse which causes female audit committee members have a higher control level than male audit committee members so that can avoid the risk of audit delay (Harjoto et al. 2015; in Afriliana and Ariani 2020). Female audit committee members are expected to be able to expand the effectiveness in monitoring management during the financial statement preparation which can simplify and speed up the audit process by the auditor (Susandya and Suryandari 2021). The characteristics possessed by women are believed to be able to simplify and speed up the audit process so that the audit delay can be reduce. Prior studies by Susandya and Suryandari (2021) and Anugrah and Laksito (2017) stated that audit committee gender has a negative influence on audit delay. That result shows that the presence of female audit committee has the ability to speed up the audit process which causes audit delay shorter. Based on the description and the prior studies above, the third hypothesis can be formulated as follows:

H3: Audit committee gender has a negative and significant influence on audit delay.

2.4 Institutional Ownership

Institutional ownership is shares owned by other organizations or institutions, for example financial institutions, insurance institutions, pension funds, mutual funds institutions, higher education funding institutions, commercial banks, and bank asset management institutions (Al-Makawi et al. 2012; in Frischanita 2018). Alfraih (2016) considered that institutional ownership is a corporate governance instrument for disciplining and monitoring management. Frischanita (2018) stated that a greater institutional ownership has a greater capability to monitoring the management as to avoid the occurrence of deviant behavior. The existence of institutional ownership can reduce the time required in the audit process that can avoid conflicts due to incompatibility information between shareholders and management (Frischanita 2018). According to Oktaviani and Ariyanto (2019), institutional ownership plays an important role in monitoring management because it can create more optimal control. Institutional investors can actively monitor the company's operations and able to grant an

effective influence on managements' decisions through their substantial voting rights (Choi et al. 2013; in Alfraih 2016).

The greater institutional ownership will provide a stronger incentive to the institutional investors to monitor the practice of the company's financial statement disclosure (Barako 2006; in Alfraih 2016). This encourages management to submit financial statement voluntarily to fulfill the institutional investors' ambitions (Alfraih 2016). The disciplining and monitoring rights of the institutional investors causes the institution investors have the ability to demand management to submit audited annual report in a timely manner so that audit delay can be reduce. Prior studies by Oktaviani and Ariyanto (2019) and Frischanita (2018) stated that institutional ownership has a negative influence on audit delay. That result shows that the institutional ownership has the ability to speed up the audit process which causes audit delay shorter. Based on the description and the prior studies above, the fourth hypothesis is formulated as follows:

H4: Institutional ownership has a negative and significant influence on audit delay.

2.5 Audit Effort

According to Wijayanti and Effriyanti (2019), audit effort is an effort deployed by the audit team in assessing audit risks that can arise during the audit process from the forming of the audit team to the audit opinion issuance. Vuko and Cular (2014) described audit effort as the duration needed by the audit team in conducting an audit process for a company where the duration is influence by the agreement of the working bond among the auditor and the client which made in the audit planning process. The greater effort they required in completing the audit process will make the total days longer which causes the audit delay to be longer. In this study, audit effort is proxied by audit fee. Audit fee is a wage given to auditors related to audit services that have been provided with a non-fixed amount, which depends on the complexity of the services provided, the risk of assignment, and the skills required (Mulyadi 2002; in Effendi 2020). Auditing literature uses audit fee as a proxy for audit effort because audit effort cannot be calculated directly (Gul and Tsui 1998; Carcello et al. 2002; in Gul et al. 2008). Audit fee is used as a proxy for audit effort because audit fee is charged in exchange for the effort and time spent by the audit team in completing the audit process (Gul et al. 2003; in Gandia and Huguet 2021).

According to Zhang (2012), audit fee is closely related to audit effort where auditor will charge higher fee to increase effort in auditing the client's company in order to improve the work effectiveness. Audit fee is used to proxied audit effort since audit fee is an indicator of the effort and time required in conducting an audit process (Wei 2012; in Akhalumeh et al. 2017). Audit effort is endogenous which can be influence by the various clients' characteristics, such as size, business complexity, and client operating risk as well as external auditors' characteristics, such as size, audit tenure, and mandatory rotation of audit partners (Xiao et al. 2020). The more complex audit process needed can make greater effort required which can cause audit delay longer. Prior studies by Effendi (2020) and Putri et al. (2016) stated that audit fee as proxy of audit effort has a positive influence on audit delay. That result shows that the audit effort has the ability to cause audit delay longer. Based on the description and the prior studies above, the fifth hypothesis is formulated as follows:

H5: Audit effort has a positive and significant influence on audit delay.

3. Methodology

3.1 Sample and Data Collection

The sampling technique used in this study is non-probability sampling with purposive sampling approach. The considerations or criteria used in determining samples in this study, namely:

1. Companies listed in LQ45 index;
2. Companies that are consistently listed in LQ45 index for 2016-2020 period in a row; and
3. LQ45 index companies that delivered complete data related to the variables used in this study for 2016-2020 period.

Of the 45 companies in LQ45 index, 19 companies were excluded from the sample because they did not meet the predetermined criteria so there were 26 companies with five-year research period that produces 130 samples. After checking the outliers, a total of 12 outliers were found and excluded from the 130 samples which made the total final sample used in this study is 118 samples.

The data used in this study is secondary data sourced from:

1. Audited annual reports of companies listed in LQ45 index for 2016-2020 period;

2. Indonesia Stock Exchange (IDX) official website; and
3. Various literature, scientific journals, articles, books, and other valid sources.

3.2 Variables Operationalization

Variables are inherent characteristics in a population which can be in the form of people, objects, transactions, or phenomena (Hardani et al. 2020:303). In this study, there are two main categories of research variables, namely dependent variable and independent variables. Each of these variables is calculated using their respective proxies with the following formula in table 1:

Table 1. Variables operationalization

Variables	Indicators	References
Dependent Variable		
Audit Delay (Y)	<i>Publication date of audited annual report – Date of financial year ends</i>	(Effendi 2020)
Independent Variables		
Audit Committee Financial Expertise (X ₁)	<i>(Audit committee members who have financial expertise)/ (Number of audit committee members) X 100%</i>	(Santiani and Muliarta 2018)
Audit Committee Gender (X ₂)	<i>(Female audit committee members)/ (Number of audit committee members) X 100%</i>	(Susandya and Suryandari 2021)
Institutional Ownership (X ₃)	<i>(Shares owned by institutional investors)/ (Total outstanding shares) X 100%</i>	(Alfraih 2016)
Audit Effort (X ₄)	<i>Ln (Audit Fee)</i>	(Lai et al. 2017)

3.3 Regression Model

This study used the panel data regression method because it consists of cross-section and time series data. The cross-section data in this study is the LQ45 index companies while the time series data is shown by the research period, namely 2016 to 2020. A total of 118 samples in this study were analyzed using the EViews 12 Student Lite Version software. The equation for the analysis of the panel data regression model in this study is: (Table 2)

$$ADit = \alpha + \beta_1 ACFEit + \beta_2 ACGit + \beta_3 IOit + \beta_4 AEit + e$$

Table 2. Panel data regression equation explained

Symbol	Information	Symbol	Information
AD	Audit Delay	IO	Institutional Ownership
α	Constant	AE	Audit Effort
$\beta_1, \beta_2, \beta_3, \beta_4$	Regression coefficient	e	Error term
ACFE	Audit Committee Financial Expertise	i	Companies
ACG	Audit Committee Gender	t	Times

4. Results and Discussion

4.1 Descriptive Statistics

Descriptive statistics tests are performed to describe the objects used in this study in accordance with the facts. In this study, the descriptive statistics tests explained the mean, maximum, minimum, and the standard deviation value of each variable used. Table 3 indicate that the audit delay, audit committee financial expertise, audit committee gender, and audit effort variables have a greater mean value rather than the standard deviation value. This means, the data of these variables is a grouped data. As for the institutional ownership variable, the mean value of the data is smaller rather than the standard deviation value which indicate the data of this variable is a varied data (Table 3).

Table 3. Descriptive statistics

	AD (Y)	ACFE (X1)	ACG (X2)	IO (X3)	AE (X4)
Mean	60,814	0,727	0,203	0,104	22,180
Maximum	147	1	0,667	0,899	25,561
Minimum	15	0,250	0	0,006	19,519
Standard Deviation	24,925	0,243	0,150	0,159	1,299
Observations	118	118	118	118	118

4.2 Panel Data Regression Analysis

Before the panel data regression analysis is performed, classical assumption tests are needed. In this study, the classical assumption tests performed are multicollinearity test and heteroskedasticity test. After the multicollinearity test performed, the result obtained that the value of the Centered VIF (Variance Inflation Factor) of each independent variable are smaller than 10 (<10). This means there is no symptoms of multicollinearity from the data of the independent variables in this study which means there is no association among the independent variables in the regression model. Following the multicollinearity test, heteroskedasticity test is then performed. Based on the heteroskedasticity test, the result obtained that the value of Obs*R-squared is 7.683972 with a Chi-Square probability value of 0.1039 which greater than 0.05 (5%). This result showed that there is no heteroskedasticity detected in this study which means there is no variance dissimilarity from the residual between one observation to another in the regression model.

Since this study used panel data regression analysis so there are three techniques in estimating the most suitable regression model, namely common effect model, fixed effect model, and random effect model. To decide one of those models, it is necessary to perform three tests to estimate the best regression model, which consists of the chow test, hausman test, and lagrange multiplier (LM) test. The chow test is performed in order to determine among the common effect model and the fixed effect model. The chow test obtained that the value of the Cross-section F Prob. is 0.0000 which smaller than 0.05 (5%). This result indicate that the fixed effect model is chosen. After the chow test is performed, it is necessary to run the hausman test in order to decide among the fixed effect model and the random effect model. The hausman test obtained that the value of the Prob. is 0.2264 which greater than 0.05 (5%). This result indicate that the random effect model is chosen. The last test for the panel data selection model is the lagrange multiplier (LM) test. The lagrange multiplier (LM) test is performed to decide among the common effect model and the random effect model. The lagrange multiplier (LM) test obtained that the value of Breusch-Pagan probability is 0.0000 which smaller than 0.05 (5%). This result indicates that the most suitable model in this study is the random effect model.

After performed the three tests for panel data model selection, we came to the decision that the random effect model is the most suitable regression model in this study. The result of the random effect model is performed in table 4 below.

Table 4. Random effect model regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-58.45786	65.33175	-0.894785	0.3728
ACFE_X1	4.455858	9.348719	0.476628	0.6345
ACG_X2	5.699513	14.16938	0.402241	0.6883
IO_X3	55.87113	23.79635	2.347886	0.0206
AE_X4	4.963493	2.926371	1.696126	0.0926
Adjusted R-squared			0.048039	
Prob(F-statistic)			0.048190	

Refer to table 4, it is known that the probability value (F-statistics) in this study is 0.048190 which smaller than 0.05 (5%). This result means all of the independent variables have the ability to influence the dependent variable simultaneously. Partially, the institutional ownership (IO) variable influence audit delay (AD) with a probability

value of 0.0206 which smaller than 0.05(5%). The audit committee financial expertise (ACFE) variable has no influence on audit delay (AD) because the probability value of this variable is 0.6345 which greater than 0.05 (5%). The audit committee gender (ACG) variable also has no influence on audit delay (AD) because the probability value obtained for this variable is 0.6883 which greater than 0.05 (5%). The last variable is the audit effort (AE) that also has no influence on audit delay (AD) because the probability value of this variable is 0.0926 which greater than 0.05 (5%).

Based on the coefficient value obtained in the random effect model on the table 4, the regression model in this study can be formulated as follows:

$$AD = -58.45786 + 4.455858ACFE + 5.699513ACG + 55.87113IO + 4.963493AE + e$$

4.3 Discussion

Refer to table 4, it is known that the test result of adjusted R² is 0.048039 (4.8%) which means the capability of the independent variables in this study in explaining the dependent variable is 4.8%. This means that the audit committee financial expertise (ACFE), audit committee gender (ACG), institutional ownership (IO), and audit effort (AE) variables have the ability to explain the audit delay (AD) variable by 4.8%, whereas the remaining 95.2% is explain by other variables outside this study.

Hypotheses 1 stated that audit committee financial expertise (ACFE), audit committee gender (ACG), institutional ownership (IO), and audit effort (AE) variables have a simultaneous influence on audit delay (AD). Table 4 indicate that the probability value (F-statistic) is 0.048190 which smaller than 0.05 (5%). This result show that hypothesis 1 is proven, namely audit committee financial expertise (ACFE), audit committee gender (ACG), institutional ownership (IO), and audit effort (AE) have a simultaneous influence on audit delay (AD) in LQ45 index companies for 2016-2020 period.

Hypothesis 2 stated that audit committee financial expertise (ACFE) has an influence with a negative direction on audit delay (AD). This means the greater the number of audit committee members who have a financial expertise will make the audit delay shorter, and vice versa. Table 4 indicate that the coefficient value of the audit committee financial expertise (ACFE) variable is 4.455858 with a significance level of 0.6345 which greater than 0.05 (5%). This result show that hypotheses 2 is rejected, namely audit committee financial expertise (ACFE) has no influence on audit delay (AD). According to Rianti and Sari (2014) in Verawati and Wirakusuma (2016), committee audit members who have financial expertise are expected to be able to improve the effectiveness of the audit committee role and simplify the audit process by the auditor that can reduce the company's audit delay. But in completing the audit process for a financial statement, the main duty of the audit committee is as an independent supervisor who oversees the course of the audit process by external auditor (Santiani and Muliarta 2018). The issuance of audited annual report is the authority of the external auditor, not the company's audit committee. This causes the audit delay is not affected by the number of audit committee members who have a financial expertise. This result supports the research of Santiani and Muliarta (2018) and Sihalo and Suzan (2018).

Hypothesis 3 stated that audit committee gender (ACG) has an influence with a negative direction on audit delay (AD). This means the greater the number of female audit committee members will make the audit delay shorter, and vice versa. Table 4 indicate that the coefficient value of the audit committee gender (ACG) variable is 5.699513 with a significance level of 0.6883 which greater than 0.05 (5%). This result show that hypothesis 3 is rejected, namely audit committee gender (ACG) has no influence on audit delay (AD). According to Susandya and Suryandari (2021), female audit committee members have the ability to expand the effectiveness in monitoring management during the financial statement preparation which can simplify and speed up the audit process by the auditor so that audit delay can be reduce. However, in fact, the audit committee capability cannot be distinguished by the gender. This is because the individual's capability is more influence by the social factors around them. The social factors are able to exchange gender roles between men and women according to a certain situation, time, and environment (Puspitawati 2010; in Santiani and Muliarta 2018). Both men and women have an equal opportunity in obtaining education which lead men and women to have an equal level of knowledge, integrity, and skills in its field. This causes the audit delay is not affected by the number of female audit committee members. This result supports the research of Pratiwi and Triyanto (2021) and Chukwu and Nwabochoi (2019).

Hypothesis 4 stated that institutional ownership (IO) has an influence with a negative direction on audit delay (AD). This means the greater the institutional ownership will make the audit delay shorter, and vice versa. Table 4 indicate that the coefficient value of the institutional ownership (IO) variable is 55.87113 with a significance level of 0.0206 which smaller than 0.05 (5%). The result show that hypothesis 4 is rejected, where institutional ownership (IO) has an influence with a positive direction on audit delay (AD). This result means the greater the institutional ownership has the ability to make the audit delay longer, and vice versa. The signaling theory have a linkage with the institutional ownership (IO) variable where the greater institutional ownership can cause audit delay longer so that investors assume the company giving a bad news signal to them, and vice versa. This can be caused since the greater institutional ownership can lead to higher opportunistic behavior of the institutional investors (Pradipta 2018). Greater institutional ownership means lower public ownership which then causes the information in a financial statement less transparent. According to Pradipta (2018), greater institutional ownership can cause scope restrictions in the implementation of the audit process. These restrictions can be due to the opportunistic behavior of the institutional investors which then causes auditor to experience various obstacles in obtaining audit evidence, which can extend audit delay. This result supports the research of Putri and Yusuf (2020) and Pradipta (2018).

Hypothesis 5 stated that audit effort (AE) has an influence with a positive direction on audit delay (AD). This means the greater the audit effort proxied by the audit fee will make the audit delay longer, and vice versa. Table 4 indicate that the coefficient value of the audit effort (AE) variable is 4.963493 with a significance level of 0.0926 which greater than 0.05 (5%). This result show that hypothesis 5 is rejected, where audit effort (AE) has no influence on audit delay (AD). According to Xiao et al. (2020), audit effort is endogenous which can be influence by various factors from both the client and the external auditor. The more complex audit process needed can make greater effort required which can cause audit delay longer. However, in fact, in completing the audit process for a financial statement, auditor are required to be professional with high integrity (Pinatih and Sukartha 2017). The auditor has to be able to complete their tasks in accordance with the client's agreement. The size of the audit effort cannot be used as an excuse to not be professional by not completing the audited report as the agreement. The professionalism of the auditor must always be upheld in order to be able to fulfill the agreement between the auditor and the client. This causes the audit delay is not affected by the size of the audit effort. This result supports the research of Pinatih and Sukartha (2017) and Vuko and Cular (2014).

Based upon the results of the tests which have been performed and discussed above, this study shows that the audit delay in LQ45 index companies for 2016-2020 period is influenced by the institutional ownership. Meanwhile, the audit committee financial expertise, audit committee gender, and audit effort do not influence the audit delay.

5. Conclusion

This study aims to discover the influence of independent variables, namely audit committee financial expertise, audit committee gender, institutional ownership, and audit effort on audit delay in LQ45 index companies for 2016-2020 period. After data sampling is performed, 118 samples were obtained and used. The panel data regression method is used and random effect model is selected. The result of the regression analysis stated that all of the independent variables (audit committee financial expertise (ACFE), audit committee gender (ACG), institutional ownership (IO), and audit effort (AE)) have a simultaneous influence on audit delay (AD). Partially, only the institutional ownership (IO) variable can influence the audit delay (AD) in a positive direction, while the audit committee financial expertise (ACFE), audit committee gender (ACG), and audit effort (AE) variables have no influence on audit delay (AD). Based upon the result of the adjusted R² test, it is known that the independent variables, namely audit committee financial expertise (ACFE), audit committee gender (ACG), institutional ownership (IO), and audit effort (AE) have the ability to explain the dependent variable, namely audit delay (AD) by 4.8%.

This study has theoretical and practical contributions. Theoretically, this study can be a source of additional information in the theory development in association with the preparation of financial statement especially related to the factors that influence audit delay. This study can also be a reference for the future research in conducting research in the same field. Practically, this study can be a source of additional information for various parties, such as investors, to be a consideration when they want to invest in LQ45 index companies. Investors have to considers the institutional ownership in a company since it's capable of influencing audit delay which can reflect the condition of a company. In addition, companies are expected to be more concern and selective

towards institutional investors that have a tendency of opportunistic behavior which can cause audit delay that can give a bad news signal to the investors about the company's condition. For future research, it is advisable to add or use different variables, such as industry type, auditor industry expertise, and public ownership. Researchers are also expected to add research samples to reach the entire companies.

References

- Afriliana, N. and Ariani, N. E., Pengaruh Gender Chief Executive Officer (CEO), Financial Expertise CEO, Gender Komite Audit, Financial Expertise Komite Audit dan Ukuran Komite Audit terhadap Audit Delay pada Perusahaan Manufaktur yang terdaftar di BEI Periode 2015-2017, *Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi (JIMEKA)*, vol. 5, no. 1, pp. 24–35, 2020.
- Akhalumeh, P. B., Izevbekhai, M. O. and Ohenhen, P. E., Firm Characteristics and Audit Report Delay in Nigeria: Evidence from The Post-IFRS Adoption Era, *Accounting & Taxation Review*, vol. 1, no. 1, pp. 83–105, 2017.
- Alfraih, M. M., Corporate governance mechanisms and audit delay in a joint audit regulation, *Financial Regulation*, vol. 24, no. 3, pp. 292–316, 2016.
- Anugrah, E. Y. and Laksito, H., Pengaruh Efektivitas Komite Audit terhadap Ketepatan Waktu Pelaporan (Studi Empiris pada Perusahaan Non Keuangan Terdaftar di BEI Tahun 2015), *Diponegoro Journal of Accounting*, vol. 6, no. 4, pp. 1-13, 2017.
- Bursa Efek Indonesia, Available: <https://www.idx.co.id/>, Accessed on April 19, 2021.
- Chukwu, G. J. and Nwabochi, N., Audit Committee Characteristics and Timeliness of Corporate Financial Reporting in the Nigerian Insurance Industry, *International Journal of Managerial Studies and Research (IJMSR)*, vol. 7, no. 4, pp. 86–95, 2019.
- Effendi, B., Urgensi Audit Delay: Antara Total Asset, Profitabilitas dan Fee Audit pada Perusahaan Industri Manufaktur yang terdaftar di Bursa Efek Indonesia, *Business Innovation & Entrepreneurship Journal*, vol. 2, no. 2, pp. 83–90, 2020.
- Fitrianingsih, A., and Triyanto, D. N., Pengaruh Kompleksitas Operasi Perusahaan, Leverage, Umur Perusahaan dan Kontinjensi terhadap Audit Delay, *E-Proceeding of Management*, vol. 7, no. 1, pp. 810–819, 2020.
- Frischanita, Y., A Comparative Study of the Effect of Institutional Ownership, Audit Committee, and Gender on Audit Report Lag in Indonesia, Malaysia, and Singapore, *The Indonesian Accounting Review*, vol. 8, no. 2, pp. 131–143, 2018.
- Gandia, J. L. and Huguet, D., Audit fees and earnings management: differences based on the type of audit, *Economic Research-Ekonomska Istraživanja*, vol. 34, no. 1, pp. 1-23, 2021.
- Gul, F. A., Srinidhi, B. and Tsui, J., Board Diversity and the Demand for Higher Audit Effort, 2008.
- Hardani, Auliya, N. H., Andriani, H., Fardani, R. A., Ustiawaty, J., Utami, E. F., Sukmana, D. J. and Istiqomah, R. R., *Metode Penelitian Kualitatif & Kuantitatif*, 1st Edition, CV. Pustaka Ilmu, Yogyakarta, 2020.
- Kaaroud, M. A., Ariffin, N. M. and Ahmad, M., The Extent of Audit Report Lag and Governance Mechanisms Evidence from Islamic Banking Institutions in Malaysia, *Journal of Islamic Accounting and Business Research*, vol. 11, no. 1, pp. 70-89, 2020.
- Lai, K. M. Y., Srinidhi, B., Gul, F. A. and Tsui, J., Board Gender Diversity, Auditor Fees, and Auditor Choice, *Contemporary Accounting Research*, vol. 34, no. 3, 2017.
- Margamiharja, Y., and Triyanto, D. N., Voluntary Disclosure at a State-Owned Companies in Indonesia, *Jurnal AKuntansi, Ekonomi, Dan Manajemen Bisnis*, vol. 9, no. 1, pp. 103–110, 2021.
- Nurhaliza, S., Yuk Kenali Perbedaan Saham Blue Chip dan LQ45: Pengertian dan Kriterianya, Available: [https://www.idxchannel.com/market-news/yuk-kenali-perbedaan-saham-blue-chip-dan-lq45-pengertian-dan-kriterianya#:~:text=Indeks LQ45 ini memiliki tujuan,saham yang aktif setiap harinya](https://www.idxchannel.com/market-news/yuk-kenali-perbedaan-saham-blue-chip-dan-lq45-pengertian-dan-kriterianya#:~:text=Indeks LQ45 ini memiliki tujuan,saham yang aktif setiap harinya,), April 5, 2022.
- Oktaviani, N. P. S. and Ariyanto, D., Pengaruh Financial Distress, Ukuran Perusahaan, dan Corporate Governance pada Audit Delay, *E-Jurnal Akuntansi Universitas Udayana*, vol. 27, no. 3, pp. 2154-2182, 2019.
- Otoritas Jasa Keuangan, *Peraturan Otoritas Jasa Keuangan Nomor 55/POJK.04/2015 tentang Pembentukan dan Pedoman Pelaksanaan Kerja Komite Audit*, Otoritas Jasa Keuangan, Jakarta, 2015.
- Otoritas Jasa Keuangan, *Peraturan Otoritas Jasa Keuangan Nomor 29/POJK.04/2016 tentang Laporan Tahunan Emiten atau Perusahaan Publik*, Otoritas Jasa Keuangan, Jakarta, 2016.
- Oussii, A. A. and Taktak, N. B., Audit Committee Effectiveness and Financial Reporting Timeliness (The Case of Tunisian Listed Companies), *African Journal of Economic and Management Studies*, vol. 9, no. 1, pp. 34–55, 2018.
- Pinatih, N. W. A. C. and Sukartha, I. M., Faktor-Faktor yang Mempengaruhi Audit Delay Perusahaan di Bursa

- Efek Indonesia, *E-Jurnal Akuntansi Universitas Udayana*, vol. 19, no. 3, pp. 2439–2467, 2017.
- Pradipta, S. L., Pengaruh Penghindaran Pajak, Kepemilikan Institusional, dan Kepemilikan Manajerial terhadap Audit Delay, 2018.
- Pratiwi, I. A. and Triyanto, D. N., Pengaruh Gender Komite Audit, Umur Perusahaan dan Laba Rugi terhadap Audit Delay (Studi pada Perusahaan Sektor Pertambangan yang Terdaftar di Bursa Efek Indonesia Periode 2015-2019), *E-Proceeding of Management*, vol. 8, no. 5, pp. 4997–5006, 2021.
- Purnami, N. K. Y., Kurniawan, P. S. and Wahyuni, M. A., Pengaruh Jenis Industri, Laba dan Rugi Operasi, Dewan Komisaris dan Komite Audit terhadap Kecenderungan Audit Delay (Studi Empiris pada Perusahaan LQ-45 Bursa Efek Indonesia Tahun 2015-2017), *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Universitas Pendidikan Ganesha*, vol. 10, no. 1, pp. 49–60, 2019.
- Putri, C. D. and Yusuf, M., Pengaruh Laba Rugi, Kepemilikan Manajerial, Kepemilikan Institusional, dan Audit Tenure terhadap Audit Report Lag (Studi Empiris pada Perusahaan Property dan Real Estate yang Terdaftar di Bursa Efek Indonesia Periode 2016-2019), 2020.
- Putri, F. T. S., Halim, A. and Wulandari, R., Pengaruh Batasan Waktu, Fee Audit, Pengalaman, dan Kompetensi terhadap Penyelesaian Audit, *Jurnal Riset Mahasiswa Akuntansi (JRMA)*, pp. 1-14, 2016.
- Santiani, K. N. and Muliarta, K., Pengaruh Independensi, Keanggotaan, Kompetensi, Dan Gender Komite Audit Terhadap Audit Delay, *E-Jurnal Akuntansi Universitas Udayana*, vol. 23, no. 1, pp. 436–460, 2018.
- Sihaloho, S. N. R. and Suzan, L., Pengaruh Ukuran Perusahaan, Reputasi KAP, dan Komite Audit terhadap Audit Delay (Studi pada Perusahaan Pertambangan yang terdaftar di Bursa Efek Indonesia tahun 2014-2016), *E-Proceeding of Management*, vol. 5, no. 1, pp. 835–842, 2018.
- Soebyakto, B. B., Abukosim, Mukhtaruddin, and Mursidi, I., Good Corporate Governance (GCG) Mechanism and Audit Delay: An Empirical Study on Companies Listed on the Indonesia Stock Exchange (IDX) in the Period of 2009-2011, *Journal of Modern Accounting and Auditing*, vol. 9, no. 11, pp. 1454-1468, 2013.
- Susandya, A. A. P. G. B. A. and Suryandari, N. N. A., Dinamika Karakteristik Komite Audit pada Audit Report Lag, *Media Riset Akuntansi, Auditing & Informasi*, vol. 21, no. 2, pp. 175–190, 2021.
- Susianto, S. N., Pengaruh Penerapan Wajib IFRS, Jenis Industri, Rugi, Anak Perusahaan, Ukuran KAP, Ukuran Perusahaan, Opini Audit, dan Ukuran Komite Audit terhadap Audit Report Lag (ARL) (Studi Empiris pada Perusahaan yang terdaftar di BEI Periode Tahun 2009-2013), *Jurnal Akuntansi Bisnis*, vol. 15, no. 1, pp. 152–178, 2017.
- Syafri, N., and Triyanto, D. N., Faktor-Faktor yang Mempengaruhi Audit Delay (Studi pada Perusahaan Jasa Sub Sektor Properti & Real Estate yang terdaftar di Bursa Efek Indonesia tahun 2016-2018), *E-Proceeding of Management*, vol. 7, no. 2, pp. 2616–2627, 2020.
- Verawati, N. M. A. and Wirakusuma, M. G., Pengaruh Pergantian Auditor, Reputasi KAP, Opini Audit, dan Komite Audit dalam Audit Delay, *E-Jurnal Akuntansi Universitas Udayana*, vol. 17, no. 2, pp. 1083-1111, 2016.
- Vuko, T. and Cular, M., Finding Determinants of Audit Delay by Pooled OLS Regression Analysis, *CRORR (Croatian Operational Research Review)*, vol. 5, pp. 81–91, 2014.
- Wijayanti, S. and Effriyanti., Pengaruh Penerapan IFRS, Audit Effort, dan Kompleksitas Operasi Perusahaan terhadap Audit Delay (Studi Empiris Pada Perusahaan Jasa Real Estate), *Akuntabilitas: Jurnal Penelitian Dan Pengembangan Akuntansi*, vol. 13, no. 1, pp. 33-48, 2019.
- Xiao, T., Geng, C. and Yuan, C., How audit effort affects audit quality: An audit process and audit output perspective, *China Journal of Accounting Research*, pp. 1-19, 2020.
- Zhang, J. H., Accounting comparability, audit effort and audit outcomes, Louisiana State University and Agricultural and Mechanical College, pp. 1-115, 2012.

Biographies

Dhitiya Atika Susilawati is a final year student from the Faculty of Economics and Business majoring in Accounting Program at the Telkom University, Bandung, Indonesia. She enrolled as a new student in 2018 and is expected to graduate in 2022. This research is her thesis as one of the requirements to graduate from the Accounting Program of Telkom University.

Dedik Nur Triyanto is an experienced lecturer from the Faculty of Economics and Business majoring in Accounting Program at the Telkom University, Bandung, Indonesia, with a demonstrated history of working in the telecommunications industry. Skilled in Internal Audit, Entrepreneurship, Accounting, Internal Controls, and Management. Strong education professional with a Master of Accounting focused in Accounting and Business from Gadjah Mada University (UGM).