JIA (Jurnal Ilmiah Akuntansi) • 7 (1), 19-38 • June 2022

Determinants of Audit Report Lag during the Covid-19 Pandemic: A Study on Companies Conducting IPOs and Indexed LQ-45

Yanti[1,*], Bayu Pasupati[2], T. Husain[3]
[1]Universitas Buana Perjuangan Karawang, Jl. HS.Ronggo Waluyo Sirnabaya, Karawang, Indonesia
[2]Universitas Warmadewa, Jl. Terompong No.24, Denpasar, Indonesia
[3]STMIK Widuri, Jl. Palmerah Barat No.353, Jakarta Selatan, Indonesia
[*]yanti@ubpkarawang.ac.id

CITATION:
Yanti, Y., Pasupati, Bayu, & Husain, T (2022). Determinants of Audit Report Lag during the Covid-19 Pandemic: A Study on Companies Conducting IPOs and Indexed LQ-45. *JIA (Jurnal Ilmiah Akuntansi),* 7 (1), 19-38.

ARTICLE HISTORY:
Received:
January 4th, 2021
Revised:
November 7th, 2021
Accepted:
April 28th, 2022

DOI: 10.23887/jia.v7i1.30835

Abstract

This research will re-examine the factors that influence the audit report lag, including profitability, size of public accounting firms, and firms' age at companies conducting IPOs in 2019 and including the LQ-45 index on the Indonesia Stock Exchange during the COVID-19 pandemic. This study uses the Big-Four categorization as a proxy of size of the public accounting firm. This type of research uses the causal effect with a quantitative research approach. The final sample was determined to be 99 company data. The data analysis technique used multiple regressions. The results showed that the audit report lag was negatively influenced by the size of public accounting firms and firms' age, while the profitability factor did not affect it. The audit report lag contribution was influenced by the three factors above and simultaneously.

Keywords: pandemic; audit report lag; profitability; the size of public accounting firms; firm age.

INTRODUCTION

The WHO report states that of the 9720 confirmed cases, 1,5238 suspected, 1,527 severe, and 213 deaths since 2019 where cases of pneumonia were outbreaks of unknown etiology in the city of Wuhan, Hubei Province - China. The strategic steps were taken by WHO to reduce infections in close contact to overcome the transmission of the COVID-19 pandemic, especially among health workers, and prevent transmission from China to other countries (Mackenzie & Smith, 2020).

The outbreak of the COVID-19 pandemic certainly has an impact on every aspect in all parts of the world

and the real sector, with countries making lockdown. For companies and members of the audit committee, it is alleged that there is a cut in audit fees due to the economic impact of COVID-19. The Financial Reporting Council in March 2020 released guidelines for auditors who must consider the effects of social distancing due to the COVID-19 outbreak on audit quality (FRC, 2020).

Since the Government of Indonesia announced 2 (two) Indonesian citizens, with positive cases of COVID-19 on March 2, 2020, the composite stock price index immediately fell by 1.02 percent involving six sectors and three issuers who experienced top losers, including PTPP, BBNI and CTRA with a minus 4.23 to 5.81 percent (Rahmawati, 2020). This condition will certainly indirectly impact the quality of financial reporting and audit delays (CA ANZ, 2020).

Audit reporting during the COVID-19 pandemic is inseparable from the length or not of the audit delay. In Indonesia, the deadline for submitting audit reports is also a separate issue through an agreement to change the audit plan with the client, which has an impact on the extension of the submission of audit reports on credit and business continuity agreements (IAPI, 2020, p. 19). In addition, KAP infrastructure costs have increased, which is inversely proportional to the client's economic / business capacity decline. Specific alternative procedures are needed to obtain adequate assurance by planning calculations appropriately and analyzing significant risks (p. 1).

According to the audit quality framework released by the International Auditing and Assurance Standards Board (IIASB, 2014, p. 31), KAP infrastructure costs are fundamental and very important to producing audit products or opinions based on the Statement of Auditing Standards (Husain & Syniuta, 2020).

The COVID-19 pandemic in Indonesia is in dire need of information technology tools in audit assignments. Using software such as Active Data for Excel, Audit Command Language, Top CAATs, Enterprise Resource Planning (ERP), and other software can speed up decision-making to survive and increase company resources (Husain, 2017). Other methods, such as cloud computing, also have advantages in managing document and file access to structured storage media, synchronizing and sharing data, and reducing data redundancy (Husain & Budyantara, 2020) which in this case can use the concept of public clouds.

Technology-Enhanced Auditing (TEA), or as technology is used to improve the audit process, is also essential not only as a first step in overcoming the crisis but also because it is the inspiration for remote auditing of voluntary sustainability standards and increases consumer credibility and trust in products sustainability (Castka, Searcy, & Fischer, 2020). In addition, there is a need for professional improvement and very high skepticism of human resources as well as being able to communicate with clients and stakeholders to stay afloat so as not to reduce the level of compliance with audit standards in auditing (IAPI, 2020, p. 3).

The role of HR auditors in conducting audits can also maximize internet platforms and search engine services in conducting information searches in preliminary surveys and understanding the client's business, audit sampling, or even confirmation to third parties. Users can access information using search engines to add reference materials (Husain, 2019). This is strong evidence that auditors need competence, expertise in operating information technology devices, and things inherent in individuals dealing with the COVID-19 pandemic situation to anticipate delays in audit reporting.

Research on audit report lag has been very much done and is not a problem for developed and some developing countries. The results of international studies and surveys in less than 10 (ten) years originating from the auditor's side of audit delays such as The Jordanian Stock Exchange (the stock market in Jordan), which uses data at the end of the fiscal year on December 31, 2010, where the Jordanian Securities Commissions (JSC) sets a deadline for submitting audit reports of 90 days from the fiscal year, the results of the study state that a critical factor in formulating the timeliness of issuing company audit reports is the KAP category (Alkhatib & Marji, 2012).

Public companies in Australia, on a survey conducted on 272 auditors, reported the impact of the global financial crisis, where there was an increase in audit fees and the attitude of auditors to issue a modified opinion on business continuity that even Big-N. However, there is no evidence of a significant increase in reporting delays (Xu, Carson, Fargher, & Jia, 2013).

In a survey on the National Stock Exchange (NSE) in India in 2015-2016, which used 1480 public companies, KAP rotation can increase audit fees by up to 25 percent. This technique was used as a rule which

became a heavy burden to increase objectivity and independent auditors even though most of the Standards Board had not initiated or approved the informal plan (Grant Thornton and Prime Database, 2016).

A survey on The Borsa Istanbul in Turkey in 2008-2013 involved 968 companies, where KAP factors play a role in the timeliness of financial reporting category4 with partners female. The Supreme Audit Institution (SAI, Institute of Accountants in Liberia), General Auditing Commission stated full responsibility for internal factors such as delays in audit reviews, inadequate training of resources, and delays in approval of audit drafts to be factors causing audit delays (Fully & David, 2020).

During the COVID-19 pandemic, auditors communicate via email, which is a reliable tool for carrying out analytical procedures to understand the company's financial position thoroughly. This is done to reduce time-consuming substantive testing (KPMG, 2020). Auditors are also more likely to rely on evidence from external parties such as customers, suppliers, or banks which can be obtained more than from clients through a survey from PwC (Albitar, Gerged, Kikhia, & Hussaney, 2020). This condition is, of course, a particular concern to find out the number of days of audit delays on deadlines imposed by each regulator in several countries due to the impact of COVID-19.

Table 1 summarizes the results of the Security Exchange Commission (SEC) decisions and other regulatory policies from several countries regarding the deadline for submitting reports for the period ending December 31, 2019, and audit delays during the COVID-19 pandemic.

Some state authorities delay the conclusion of audit reporting for 1½ (one and a half months) to 3 (three) months. It is understood that the Security Exchange Commission (SEC) and other regulatory policies agreed to postpone or extend the release of audit reporting. In Indonesia, the Financial Services Authority also stipulates that for banks and issuers for audited financial statements to be due until May 31, 2020, annual reporting is postponed until June 30, 2020, and the GMS is delayed until August 31 (OJK, 2020).

The results of the study state that companies audited by auditors with certain industry specialties have a shorter audit delay and will be much faster if audited by The Big4 compared to non-Big-4 in an empirical study on the Indonesia Stock Exchange (Rusmin & Evans, 2017). The effect of audit delays is

Table 1. Summary of Deadline for Submission of Annual Financial Statements due to the COVID-19 Pandemic on December 31, 2019

Country	Name of Regulatory	Deadline	Reporting
	The European Securities and Markets Authority (ESMA)	March 31, 2020	Two months
Australia	Australian Securities and Investments Commission (ASIC)	March 31, 2020	May 31, 2020
Brazil	Securities and Exchange Commission (CVM)	March 1, 2020	May 30, 2020
Canada	Canadian Securities Administrators (CSA)	March 31, 2020	45 days or before June 1, 2020
Chile	Financial Market Commission (CMF)	March 30, 2020	15 days until April 1,4, 2020 May 2,7 2020
Columbia		March 31, 2020	June 30, 2020
Cyprus	Security and Exchange Commission, Cyprus	March 31, 2020	Eight weeks
Denmark	Danish Business Authority (DBA)		Two weeks to June 30, 2020
Greece	Hellenic Capital Markets Commission		60 days from March 16, 2020
	Securities and Futures Commission		April 30, 2020
Hong Kong		March 31, 2020	
	Securities and Exchange Board of India (SEBI)	March 31, 2020	60 days April 30, 2020
India	Israel Securities Authority (ISA)		May 31, 2020
Israel		March 31, 2020	
Mauritius	Financial Market Authority (FMA)		
New Zealand			
South Africa	The Financial Sector Conduct Authority (the FSCA)	March 31, 2020	Two months
Nigeria	Security and Exchange Commission (SEC), Nigeria	March 31, 2020	May 29, 2020
Pakistan	Security and Exchange Commission of Pakistan	March 31, 2020	-
Palestinian Ruled Territories		March 3,1 2020	14 days May 1,5 2020
Philippines	Security and Exchange Commission Republic of Philippines		
South Africa	Independent Regulatory Board for	March 3,1 2020	Apri,l 16 2020
Spain	Auditors (IRBA)		

Country	Name of Regulatory	Deadline	Reporting
Sweden	National Securities Market Commission (CNMV)		2-3 months on completion the of audit, three or three months
Ukraine	Nasdaq Stockholm OMX		90 days
United Kingdom	Financial Conduct Authority (FCA)		Two months
United States	Security and Exchange Commission (SEC)		45 days from the report submission deadline

Source: (IFAC, 2020; Pasupati & Husain, 2020)

based on the auditor's opinion, profitability, firm size, solvency, and KAP size factors which provide findings that only firm size can shorten audit delays. In contrast, the auditor's opinion and KAP size can prolong audit delays, then profitability and solvency have no impact on audit delays (Ningrum & Ardini, 2017). Audit delays are based on profitability and solvency ratios, and the audit committee findings that the three factors above cannot predict audit delays (Rif'at & Sulistyowati, 2019).

The factors affecting audit delays, which consist of ROA and DER proxies, audit opinion, and company age, show that profitability and company age can shorten audit delays. In contrast, debt ratio levels and auditors' opinions do not affect audit delays (Irman, Hayati, & Agia, 2020). The determining factors for audit delays consist of profitability, company size, audit opinion, and KAP size, which prove its negative influence, while solvency positively affects audit delays (Yuliusman, Putra, Gowon, Dahmiri, & Isnaeni, 2020). The impact of profitability, leverage and KAP size is only proven by profitability which can significantly reduce audit delays (Oktari & Cahya, 2020). Analysis of the internal impact that affects audit delays is evidenced by a negative effect on profitability and activity ratios and a positive influence on firm age. At the same time, solvency has no impact on audit delays (Endiana & Apriada, 2020). The relationship between proxied audit quality and fees show that quality can shorten audit delays (Husain & Rini, 2020).

The results of the gap research described above provide evidence that audit delays using audit report lag provide mixed findings from empirical studies in each sector of companies listed on the IDX. Profitability factors

and KAP criteria are proven to shorten audit delays. In contrast, other factors such as solvency or leverage, audit opinions, and other factors are inconsistent in demonstrating audit delays, especially in empirical studies in Indonesia.

This research equation uses the Profitability factor with the Return on Assets (ROA) proxy and the KAP Size factor with the BigFour and non-Big Four. The differences in this study are based on the identification of gaps, namely (1) the object of research uses companies that conduct IPOs in 2019 and LQ-45 companies in the August 2020 period, where company book reports with OJK extension provisions have been released; and (2) The age factor of the company was re-examined because several previous research results obtained results that could shorten and even lengthen audit delays.

This study review the factors that influence audit report lag, including profitability, KAP size, and company age at companies that conducted IPOs in 2019 and include the LQ-45 index on the Indonesia Stock Exchange. The research subject is included in the COVID-19 pandemic, namely the 2019 financial year, which is highly highlighted, especially by investors who make business decisions in this pandemic. This research is essential as evaluation material for stakeholders, especially the 2019 period, which is included in the COVID-19 pandemic. This research is also significant in enriching literature study literature, especially on audit report lag and the factors that influence it during the COVID-19 pandemic in empirical studies in Indonesia.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Signaling Theory

Spence introduced the signaling theory in 1973. This theory explains a manager's behavior as guidance to investors in the form of future company prospects. This signal can be described through the information that the reflected company condition is better than other companies (Brigham & Houston, 2015). Themen Suwardy et al. (2019:4), accounting is an information system that measures business activities, processes information into financial reports, and communicates the results to stakeholders (Husain & Dewi, 2020). Concerning the COVID-19 pandemic, the information in early March 2020 became a signal for investors to analyze better and make investment decisions to interpret their portfolios.

Compliance Theory

Compliance theory adopted by T. Tayler (1990) explains the importance of an individual's mechanism in his behavior towards compliance. Fred C. Lunenburg (2012) defines a top-down approach to organizations that integrates ideas from classical models and management participation. This theory about audit report lag refers to the attachment to the Decree of the Chairman of Bapepam Number KEP-346/BL/2011 dated July 5, 2011, concerning the obligation to submit periodic reports of issuers or public companies. This decision interprets public companies involved in the capital market as having a responsibility to submit annual financial statements promptly at the end of the third month (BAPEPAM, 2011).

The COVID-19 pandemic in Indonesia has made the regulator or the Financial Services Authority (OJK) give an extension of audit reporting, initially at the end of the third month from 2000 to May 31. This is compliance for companies listed on the stock exchange to inform the condition of business entities to stakeholders.

The Effect of Profitability Factors on Audit Report Lag

Profitability factors are widely used to describe the attractiveness of a business to investors in measuring company performance. The proxy commonly used is the return on company ownership in units of assets, otherwise known as Return On Assets (ROA). ROA is the ratio of net income to total assets measuring the return on total assets (Brigham & Houston, 2015, p. 148).

Research that proves that profitability ratios or ROA can shorten audit delays or have a negative effect (Irman, Hayati, & Agia, 2020; Yuliusman, Putra, Gowon, Dahmiri, & Isnaeni, 2020; Oktari & Cahya, 2020; Endiana & Apriada, 2020) while having no impact on audit delays (Ningrum & Ardini, 2017; Rif'at & Sulistyowati, 2019). The management is faced with challenges over the company's performance over the length or shortness of the audit report lag as a result of the COVID-19 pandemic, in addition to the relaxation of OJK regulations in delaying reporting of public organizations to stakeholders, which will provide a signal for investors to make business decisions from the measurement of profitability ratios. The 1st alternative hypothesis of this research is formulated as follows:

H_1: Audit Report Lag is influenced by profitability

The Effect of KAP Size factors on Audit Report Lag

KAP size is also widely used to describe audit quality given to auditees or clients to produce reports audits. The proxy commonly used is the categorization of Public Accounting Firms based on Big-N by Linda Elizabeth DeAngelo in 1981, used by many novice researchers in Indonesia with the term Big-Four nonFour (Husain, 2020).

Khalid Alkhatib and Qais Marji (2012), the categorization of public accounting firms is an essential factor in the accuracy of the issuance of audit reports. However, it does not have a significant impact in the context of reporting delays (Xu, Carson, Fargher, & Jia, 2013). On the other hand, the KAP factor is closely related to the timeliness of financial reporting (Ocak & zden, 2018).

The results of the research prove that companies audited by KAP Big-Four can shorten audit report lag (Rusmin & Evans, 2017; Yuliusman, Putra, Gowon, Dahmiri, & Isnaeni, 2020) and audit quality factors with LNFE proxies (Husain & Rini, 2020), while research results that have an impact on KAP size factors prolong audit report lag (Ningrum & Ardini, 2017). Research that uses the KAP size factor does not affect audit delays (Oktari & Cahya, 2020). The formulation in choosing the size of the KAP is based on the ability of good company management in terms of financial performance so that the selection of a certain KAP can be a strategy to determine the length or length of the audit report lag. The second alternative hypothesis of this research is formulated as follows:

H_2: Audit Report Lag is influenced by the KAP Size factor.

The Effect of Company Age on Audit Report Lag

Company age shows the existence of the company in competition with other companies. Companies with older age are considered more carefully and more accustomed to reporting financial reports on time (Irman, Hayati, & Agia, 2020).

The research results prove that the company's age can shorten the audit delay (Irman, Hayati, & Agia, 2020), while research results have no impact on the age factor of the company in the context of audit delays (Endiana & Apriada, 2020). The formulation in choosing the age of the company is based on the fact that the existence of the company is very decisive for the ability of good

company management in terms of experience so that companies that have been around for a long time have particular strategies to formulate audit report lag, especially in the COVID-19 pandemic. The third alternative hypothesis of this research is formulated as follows:

H_3: Audit Report Lag is influenced by the company's age.

METHOD

This type of research uses scientific explanation with causality research which aims to find an explanation in the form of acausal effect (Supranto & Limakrisna, 2019, p. 3). This study uses a quantitative approach in the form of numbers in its analysis with statistical methods. Statistics are tools used to collect, sort, analyze, and draw conclusions based on interpreting the results (Santosa, 2019, p. 2).

Sample and Data Selection

The population of this study uses companies that conduct initial public offerings (IPO) and the LQ-45 index, which are listed on the Indonesia Stock Exchange for the 2019 financial year. The sample selection is taken from the entire population that presents information in financial reports, including independent auditors, to identify KAP size factors and audit report lag. This study uses 99 sample data from 100 consisting of 45 companies that conducted IPOs in 2019 and 44 companies with the LQ-45 index. 1 (one) data cannot be accessed through www.IDX.co.id or website, so it is excluded from the sample of this study.

Operational Definition of Variable

Audit Report Lag (Y)

Audit report lag is a proxy for lag related to audit duration or timeliness (Ezat, 2015). According to Robert H. Ashton et al. (1987), audit report lag is measured based on the length of time at the end of a company's fiscal year with the date stated in the audit report (Ocak & zden, 2018).

Profitability (X1)

Profitability is a proxy used to measure the effectiveness of general management operations in generating profits with the availability of company assets (Brigham & Houston, 2015). The proxy is measured by calculating the return on assets (ROA) where:

$$ROA = \frac{Net\ Income\ after\ Tax}{Total\ Assets}$$

KAP size (X2)

KAP (kantor akuntan publik—public accounting firm) size is a proxy used in the Big Four and not Big Four

which is the measurement of qualifications for types of audits (Ezat, 2015). The proxy is calculated by calculating the number KAP category Big Four, and "0" if other than Big Four (DeAngelo, 1981; Ezat, 2015; Ocak & zden, 2018; Husain & Syniuta, 2020).

Company Age (X3)

Company age is a proxy used to describe the existence of the company since the first time the company operates. This proxy is measured based on the initial date of the listing on the stock market up to the closing date of the company's books (Ocak & zden, 2018; Endiana & Apriada, 2020).

$$LnAGE = Natural\ log of firm\ age$$

Data Analysis Techniques

Multivariate analysis was used as a technique in data processing in this study. This technique uses an inferential statistical approach to achieve the objectives of a study (Santosa, 2019, p. 3). Data analysis using multiple regression with the help of software Statistic/Data Analysis STATA MP.14 Ver. Stata is one of the programs used in quantitative calculation analysis and has advantages (Santosa, 2020, p. 1). The multiple regression equation of this study is formulated as follows:

$$Y = a + \beta 1X1 + \beta 2X2 + \beta 3X3 + e$$

where:

Y	=	Audit Report Lag
α	=	Constant
β	=	Regression Coefficient
X1	=	Profitability
X2	=	KAP size
X3	=	Company age
e	=	confounding factor

RESULTS AND DISCUSSION

Descriptive Statistics

The variable of audit report lag (Y) produces an average score of 92.14141 days with a deviation of 34.62069 days. The deviation score is smaller than the average (mean), meaning that the audit report lag is quite varied. The profitability variable (X1) produces an average score of 0.0480483 or 4.80 percent with a deviation of 0.0653774 or 6.54 percent. The deviation score is greater than the average (mean), meaning that the return on assets has a reasonably high deviation. KAP size variable (X2) produces an average score 0.3838384, or 38.38 percent of companies were audited by KAPs in the Big Four, and the remaining 61.62 percent were audited by KAPs in categories other than the Big Four with a deviation of 0.4887942 or 48.88 percent. The deviation score is greater than the average (mean), meaning that the KAP size data has a reasonably high deviation. The company age variable (X3) produces an average score of 8.965064 (in

natural logarithm) with a deviation of 0.7822326. The deviation score is much smaller than the average (mean), meaning that the company's age data varies significantly.

Classical Assumption Test Results

Data normality test as the results are shown in the plots following p-plot graph:

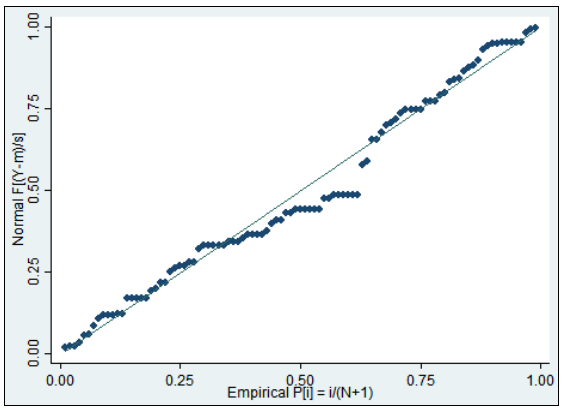

Figure 1. p-plot normality

Graph p-above shows that the points are around the diagonal line and follow the diagonal line's direction, meaning that the regression model meets the assumption of normality. The heteroscedasticity test using the Breusch-Pagan to see the match value of Y produces a probability score on the chi-square (2) 0.1546 (greater than 0.05), meaning that the regression model does not contain heteroscedasticity. Multicollinearity test by looking at the VIF value for each variable, namely X1 produces a score of 1.15, X2 has a score of 1.38, and X3 produces a score of 1.38. The value above provides information that the VIF score is less than 10, meaning that the research model does not occur multicollinearity between independent variables.

The results of the classical assumption test above have met the requirements and have a low bias or are called the Best Linear Unbiased Estimator (BLUE) (Santosa, 2020, p. 41). Therefore, hypothesis testing can be continued.

Hypothesis Test Results

Hypothesis testing is carried out to determine whether the hypothesis is rejected or accepted and the contribution of its influence specifically. The results of this test are summarized in the Table 2. Table 2 provides information to explain the results of the following regression equation:

$$Y = 198{,}1911 + 0{,}23{,}98817X1 - 15{,}88637X2 - 11{,}27761X3$$

Table 2. Summary of R^2 Test Results$^{2.}$, F-Test and T-Test

N = 99	F (3, 95)	Probability F	R-squared	Adj. R-squared	Root MSE
Score	6.07	0.0008	0.1608	0.1343	32.212
Model Y	Coefficient Value	Std. Error	t-statistics	Probability	Conclusion
Constant	198.1911	42.22789	4.69	0.000	
X1	23.98817	53.3444	0.45	0.654	H_1 Rejected
X2	-15,88637	7.827687	-2.03	0.045	H_2 Accepted
X3	-1 ,27761	4,886761	-2,31	0,023	H_3 Accepted

The results of the regression equation above produce a constant value of 198.1911, meaning that if X1 is Profitability, X2 is KAP Size, and X3 is Company Age is considered constant. The Audit Report Lag is set for 198.1911 days. The profitability variable (X1) has a score of 23.98817, meaning that if this variable increases with the assumption that other variables have a fixed value, the effect on audit report lag increases for 24 days (rounded up) is not significant. The KAP Size variable (X2) has a score of negative 15.88637, meaning that if this variable increases with the assumption that the other variables have a fixed value, the effect on audit report lag are reduced for 16 days (rounded up) and is quite significant. The variable age of the company (X3) is minus 11.27761, meaning that if this variable increases with the assumption that the other variables have a fixed value, then the effect on audit report lag is reduced for 12 days (rounded up) and is also quite significant.

Coefficient Determination Test

Coefficient of determination (R-squared) on the regression model, and an adjusted score of 0.1343 is obtained, meaning that the contribution of audit report lag is influenced by 13.43 percent on Profitability, KAP Size, and Company Age, while other factors formulate 86.57 percent (the rest).

Simultaneous Effect Test

The probability of the significance of the F statistic yields a value of 0.0008. This result means that the score is smaller than 0.05, so it accepts Ha, meaning that the Audit Report is influenced by Profitability, KAP Size, and Company Age significantly and simultaneously.

Partial Effect Test

Probability statistical significance t yielded values of 0.654 for the Profitability factor (X1), 0.045 for the KAP Size factor (X2), and 0.023 for the Firm Age factor (X3). This result is known that only KAP size and company age produce a significant probability value smaller than 0.05, meaning that audit report lag is influenced by KAP size and company age factors (H_2, H_3 accepted). The profitability factor does not affect audit report lag, which produces a significant probability value greater than 0.05 (H_1 accepted).

Discussion

Audit Report Lag and Profitability

The first alternative hypothesis states that audit report lag is influenced by profitability and produces a statistical t value of 0.45 with a significant probability of 0.654, meaning that H_1 is rejected (H_0 accepted). The results of the t-test state that the audit report lag is not significantly affected by the profitability factor. The results of this study on 99 data samples do not support signaling theory, which signals investors to make business decisions based on the return on assets (ROA) measurement. On the other hand, the management tends to focus more on fulfilling OJK regulations as stipulated in the obligation to submit periodic reports, which during the COVID-19 pandemic in Indonesia were extended until May 31, 2020.

The results of this study are in line with the evidence that profitability has no impact on audit delays (Ningrum & Ardini, 2017; Rif'at & Sulistyowati, 2019), but contrary to research that proves the negative effect of profitability on audit delays (Irman, Hayati, & Agia, 2020; Yuliusman, Putra, Gowon, Dahmiri, & Isnaeni, 2020; Oktari & Cahya, 2020; Endiana & Apriada, 2020).

This COVID-19 pandemic is an event that is beyond the control of the company's management and the external environment and has become a global impact since the announcement of the first positive case of COVID-19 in Indonesia. This condition is proven by the average audit report lag of 92.14141 days means that the sample companies for IPOs in 2019 and indexed LQ-45 do not consider the profitability factor with the ROA proxy to determine the length or length of the audit report lag.

Audit Report Lag and Public Accountant (KAP) Firm Size

The second alternative hypothesis states that audit report lag

is influenced by KAP size, resulting in a t statistic of -2.03 with a significant probability of 0.045, meaning that H_2 is accepted (H_0 rejected). The results of the t-test state that the audit report lag is significantly affected by the profitability factor in a negative direction. The results of this study are still firmly believed that the KAP size criteria are still highly valued by stakeholders in shortening the audit report lag, especially during the COVID-19 pandemic. Big-Four KAP, which has a wealth of experience in completing audits and is also affiliated with international accountants, will formulate several techniques in dealing with the COVID-19 pandemic. However, it is only proven by 38.38 percent of companies audited by KAP in the Big Four. Increasing the credibility of KAP must utilize technology-enhanced auditing (TEA) to anticipate social distancing, which will undoubtedly hamper fieldwork standards. Every KAP must also optimize audit tools to assist in remote audits (Husain T., 2017; Castka, Searcy, & Fischer, 2020).

The results of this study are in line with the evidence that the size of the KAP has an impact on shortening audit delays (Rusmin & Evans, 2017; Yuliusman, Putra, Gowon, Dahmiri, & Isnaeni, 2020), but in contrast to studies using KAP size factors that prolong audit delays (Ningrum & Ardini, 2017) and also studies that do not prove the impact audit delays that are influenced by the size of the KAP and audit quality (Oktari & Cahya, 2020).

Audit Report Lag and Company Age

The third alternative hypothesis states that audit report lag is influenced by company age and produces a statistical t value of -2.31 with a significant probability of 0.023, meaning that H_3 is accepted (H_0 rejected). The results of the t-test state that audit report lag is significantly affected by the company's age in a negative direction. The results of this study strongly believe that companies that have existed for a long time or have been in existence have a wealth of experience in formulating company problems, especially in dealing with the COVID-19 pandemic and audit report lag in this study. The longer the company exists, the better its performance so that it can overcome audit reporting delays (Ocak & zden, 2018).

The results of this study are in line with the evidence that the age of the company has an impact on shortening audit delays (Irman, Hayati, & Agia, 2020) but is not in line with research using the age factor of the company, which has no impact

on audit delays (Endiana & Apriada, 2020).

Companies that exist more or have been around longer tended to have good skills and experience in promptly reporting financial information. As a result, despite the announcement by the Government of the positive case of COVID-19 in Indonesia on March 2, 2020, facing the COVID-19 pandemic.

CONCLUSION, IMPLICATION AND LIMITATION

This study aims to empirically prove audit report lag on the factors that influence it, consisting of profitability, KAP size, and company age in companies that conducted IPOs in 2019 and entered the LQ-45 index on the Indonesia Stock Exchange. . This study uses a causal-effect involving 100 companies with 99 final samples of company report data. The theoretical framework proposes 3 (three) alternative hypotheses. The second and third alternative hypotheses have a negative and significant effect on audit report lag, namely the size of KAP and company age. In contrast, the profitability of the first hypothesis has no considerable impact. Simultaneous test results on the three factors above also produce a significance probability value smaller than 0.05 and a coefficient of determination score of 0.1343 or 13.43 percent, meaning that audit report lag is influenced by three factors: profitability, KAP size, and company age simultaneously and significantly. The contribution of audit report lag is only affected by 13.43 percent of profitability factors, KAP size, and the company's age, meaning that many other factors contribute to audit report lag in companies that carry out IPOs and are indexed LQ-45 in the 2019 financial year.

Research implications This finds empirical evidence where certain company profitability factors do not guarantee determining audit report lag. The value of return on assets during the COVID-19 pandemic does not signal investors to make investment decisions. On the other hand, the extension of the audit reporting period released by the Financial Services Authority (OJK) has so far been used by the management to avoid delays in submitting the issuer's financial statements to the public, with an average audit report lag of less than the extension period, which is 150 days after expiration. Fiscal year. This may be because several of the companies sampled in this study submitted independent auditor reports before the Government

announced positive cases of COVID-19 in Indonesia.

The size of the KAP with an increasingly large scale with the Big-Four able to shorten in the context of audit report lag during the COVID-19 pandemic because it has better auditor competence, also by utilizing information technology in completing audits which are limited by social distancing during the pandemic in the standard fieldwork. The age of the company should not be a problem for management, especially companies that have been around for longer or have existed because they have experience in overcoming difficulties and capabilities in reporting financial statements promptly, which in this study occurred during the COVID-19 pandemic. The management is undoubtedly very prepared to face the risks of this pandemic which are also faced globally by companies, especially those listed on the stock exchange, regarding audit report lag.

One of this study's limitations is that it only uses 3 (three) factors that determine audit report lag. It is also limited to samples that conduct initial public offerings (IPOs) and are indexed LQ45 in the 2019 financial year. This research must be continued with empirical studies involving samples of companies in other sectors listed on the Indonesia Stock Exchange. An additional observation period in future research (the financial year 2020) must also be done. Other factors that also affect audit report lag include auditor opinion, audit tenure, auditor turnover, financial ratios other than profitability, corporate governance, and other external factors such as inflation rates, exchange rates, and changes in policies and regulations so that the results can enrich the repertoire knowledge, especially regarding the scope of auditing.

REFERENCES

Albitar, K., Gerged, A. M., Kikhia, H., & Hussainey, K. (2020, August 25). Auditing in times of social distancing: The effect of COVID-19 on auditing quality. International Journal of Accounting & Information Management.

Alkhatib, K., & Marji, Q. (2012). Audit reports timeliness: Empirical evidence from Jordan. In H. Arasli (Ed.), World Conference on Business, Economics and Management (BEM-2012), May 4–6 2012. 62, pp. 1342 – 1349. Antalya, Turkey: Elsevier Ltd. https://doi.org/10.1016/j.sbspro.2012.09.229

Ashton, R., Willingham, J., & Elliott, R. (1987). An empirical analysis of audit delay. Journal of Accounting Research, 25(2), 275-292. http://www.jstor.org/stable/pdf/2491018.pdf

BAPEPAM. (2011). Salinan Keputusan Ketua Badan Pengawas Pasar Modal dan Lembaga Keuangan

Nomor: KEP-346/BL/2011 tentang Penyampaian Laporan Keuangan Berkala Emiten atau Perusahaan Publik. Jakarta: Badan Pengawas Pasar Modal.

Brigham, E., & Houston, J. (2015). Fundamentals of Financial Management (14 ed.). (J. Sabation, Ed.) Boston: Cengage Learning.

CA ANZ. (2020, July 17). Should auditors reduce their fees during COVID-19? Retrieved Agustus 06, 2020, from Chartered Accountants Australia and New Zealand: https://www.acuitymag.com/finance/should-auditors-reduce-their-fees-during-covid19

Castka, P., Searcy, C., & Fischer, S. (2020). Technology-enhanced Auditing in Voluntary Sustainability Standards: The Impact of COVID-19. Sustainability, 12(11), 4740. https://doi.org/10.3390/su12114740

DeAngelo, L. (1981). Auditor Size and Audit Quality. Journal of Accounting and Economics, 3(3), 183-199. http://dx.doi.org/10.1016/0165-4101(81)90002-1

Endiana, I. D., & Apriada, I. K. (2020). Analisis Dampak Internal yang Mempengaruhi Audit Delay. Accounting Profession Journal (ApaJi), 2(2), 82-93. https://doi.org/10.35593/apaji.v2i2.15

Ezat, A. N. (2015). The impact of audit-related factors on audit report lag for the Egyptian listed non-financial companies. Journal of the Faculty of Commerce for Scientific Research, 52(2).

FRC. (2020). Guidance on audit issues arising from the Covid-19 (Coronavirus) pandemic. England: Financial Reporting Council.

Fully, R. B., & David, K. D. (2020). Causes of Audit Delay and their Effects on Public Sector Audit Quality (A case of the Supreme Audit Institution of Liberia - General Auditing Commission). Faculty of Business. Sweden: Hogskolan Kristianstad.

Ghozali, I., & Fuad. (2008). Structural Equation Modeling: Teori, Konsep dan Aplikasi dengan Program Lisrel 8.80 (2 ed.). Semarang: Badan Penerbit UNDIP.

Gitman, L., & Zutter, C. (2015). Principles of Managerial Finance (14 ed.). (D. Battista, Ed.) Boston: Prentice Hall.

Grant Thornton and Prime Database. (2016). "The Future of Audit in India"– A series by Grant Thornton Part I – Mandatory Firm Rotation– Is India Inc. ready? – A survey. Connaught Circus, New Dehli: Grant Thornton India LLP.

Husain, T. (2017). Analisis Determinan Faktor-Faktor Yang Mempengaruhi Niat Penggunaan Software Audit. Jurnal Ilmiah Matrik, 19(2), 131-150. https://doi.org/10.33557/jurnalmatrik.v19i2.381

Husain, T. (2019). Analisis Layanan Google Scholar Sebagai Bahan Referensi Terhadap Kepuasan Mahasiswa. ULTIMA InfoSys, X(1), 69-75. https://doi.org/10.31937/si.v10i1.1086

Husain, T. (2020). Mapping Evolution of Audit Quality Measurement. European Journal of Business and Management Research, 5(3),

1-7. http://dx.doi.org/10.24018/ejbmr.2020.5.3.304

Husain, T., & Budiyantara, A. (2020). Analysis of Control Security and Privacy Based on e-Learning Users. SAR Journal, 3(2), 51-58. https://doi.org/10.18421/SAR32-01

Husain, T., & Dewi, E. P. (2020). Rasio Keuangan: Studi Komparasi Pada Perusahaan Industri Manufaktur dan Sektor Jasa Yang Melakukan Initial Public Offerings (IPO) Tahun 2018. JIMF (Jurnal Ilmiah Manajemen Forkamma), 3(2), 131-141. http://dx.doi.org/10.32493/frkm.v3i2.3598

Husain, T., & Rini, I. G. (2020). The Audit Quality and Delay: Evidence from Indonesia. Business Perspective Review, 2(3), 22-32. https://doi.org/10.38157/business-perspective-review.v2i3.195

Husain, T., & Syniuta, A. (2020). Audit Fee and "The Big-Four": A Comparative Study at Initial Public Offerings (IPO) Companies in Indonesia Stock Exchange (IDX). Multidisciplinary European Academic Journal, 2(4), 1-7.

IAPI. (2020). Respon Auditor atas Pandemi Covid-19: Terhadap Laporan Keuangan, Prosedur Audit, dan Pertimbangan Praktis Penunjang Kualitas Audit. Jakarta: Institut Akuntan Publik Indonesia.

IDX. (2020). Listed Companies: Financial Statements & Annual Report. Retrieved 2020, from Indonesia Stock Exchange: https://www.idx.co.id/en-us/listed-companies/financial-statements-annual-report/

IFAC. (2020, April 21). International Federation of Accountants. Retrieved October 2020, from Global Public Policy Committee | Extensions or other relief granted by regulators: https://www.ifac.org/system/files/uploads/GPPC%20regulatory%20inventory%20-%2027%20April%202020.pdf

IIASB. (2014). A Framework for Audit Quality: Key Elements that Create an Environment for Audit Quality. New York: The International Federation of Accountants (IFAC).

Irman, M., Hayati, R., & Agia, L. N. (2020). An Empirical Study of The Determinants of Audit Report Delay in Indonesia Banking Companies. Journal of Applied Business and Technology, 1(3), 205-211.

KPMG. (2020). COVID-19: Potential impact on financial reporting? Retrieved August 29, 2020, from https://home.kpmg/xx/en/home/insights/2020/03/covid-19-financial-reporting-resource-centre.html

Lunenburg, F. C. (2012). Compliance Theory and Organizational Effectiveness. International Journal of Scholarly Academic Intellectual Diversity, 14(1).

Mackenzie, J., & Smith, D. W. (2020). COVID-19: A novel zoonotic disease caused by a coronavirus from China: What we know and what we don't. Microbiology Australia, 41(1), 45-50. https://doi.org/10.1071/MA20013

Ningrum, L. A., & Ardini, L. (2017). Pengaruh Opini Auditor, Profitabiltias, Ukuran Perusahaan, Solvabilitas, dan Kantor Akuntan Publik terhadap

Audit Delay. Jurnal Ilmu dan Riset Akuntansi, 7(7).

Ocak, M., & Özden, E. A. (2018). Signing Auditor-Specific Characteristics and Audit Report Lag: A Research from Turkey. The Journal of Applied Business Research, 34(2), 277-294. https://ssrn.com/abstract=2998842

OJK. (2020). OJK Longgarkan Batas Waktu Laporan Keuangan dan RUPS. Siaran Pers, Otoritas Jasa Keuangan, Jakarta.

Oktari, Y., & Cahya, A. T. (2020). Effect Of Profitability, Leverage, and Size of Audit Public Accountant Of The Audit. eCo-Fin, 2(1), 171-180. https://doi.org/10.32877/ef.v2i1.156

Pasupati, B., & Husain, T. (2020). COVID-19 Pandemic: Audit Delay and Reporting in Indonesian. International Journal of Engineering and Science, 10(11), 08-11.

PwC. (2020). Retrieved August 29, 2020, from COVID-19: Responding to the business impacts of Coronavirus: https://www.pwc.com/gx/en/issues/crisis-solutions/covid-19.html

Rahmawati, W. T. (2020, Maret 02). Dua WNI terinfeksi corona, IHSG langsung anjlok 1,02% ke bawah 5.400. Retrieved Oktober 2020, from Market & Rekomendasi: https://investasi.kontan.co.id/news/dua-wni-terinfeksi-corona-ihsg-langsung-anjlok-102-ke-bawah-5400

Rif'at, A., & Sulistyowati, W. A. (2019). Predicting Audit Delay of Consumer Goods Companies Listed in Indonesia Stock Exchange. Economics and Accounting Journal, 2(1). http://dx.doi.org/10.32493/eaj.v2i1.y2019.p01-08

Rusmin, & Evans, J. (2017). Audit quality and audit report lag: case of Indonesian listed companies. Asian Review of Accounting, 25(2), 191-210. https://doi.org/10.1108/ARA-06-2015-0062

Sani, A., Pusparini, N. N., Rizal, R., Khristiana, Y., Zailani, A. U., & Husain, T. (2020). E-Business Adoption Models in Organizational Contexts on The TAM Extended Model: A Preliminary Assessment. 8th International Conference on Cyber and IT Service Management (CITSM 2020). Pangkalpinang: UIN Syarif Hidayatullah. https://ieeexplore.ieee.org/abstract/document/9268869/

Santosa, A. D. (2020). Analisis Kuantitatif Menggunakan Stata (Cetakan Pertama). Yogyakarta: Kepel Press.

Santosa, A. D. (2019). Analisis Multivariat (Cetakan Ketiga) (3 ed.). Yogyakarta: Penerbit Kepel Press.

StataCorp LLC. (2020). Retrieved from https://www.stata.com/

Supranto, J., & Limakrisna, N. (2019). Petunjuk Praktis Penelitian Ilmiah untuk Menyusun Skripsi, Tesis dan Disertasi (5 ed.). Bogor: Penerbit Mitra Wacana Media.

Suwardy, T., Harrison Jr., W. T., Tietz, W. M., Horngren, C. T., & Thomas, C. W. (2019). Financial Accounting: International Financial Reporting Standards (Global, 11 ed.). London: Pearson.

Tayler, T. (1990). Why People Obey the Law. New Haven and London: Yale University Press.

World Health Organization. (2020, January 31). Novel coronavirus (2019-nCoV). Retrieved Agustus 1, 2020, from Situation Report - 11: https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200131-sitrep-11-ncov.pdf?sfvrsn=de7c0f7_4

Xu, Y., Carson, E., Fargher, N., & Jia, L. (2013). Responses by Australian auditors to the global financial crisis. Accounting and Finance, 53(1), 301-338. https://doi.org/10.1111/j.1467-629X.2011.00459.x

Yuliusman, Putra, W. E., Gowon, M., Dahmiri, & Isnaeni, N. (2020). Determinant Factors Audit Delay: Evidence from Indonesia. International Journal of Recent Technology and Engineering (IJRTE), 8(6), 1088-1095. https://doi.org/10.35940/ijrte.F7560.038620

Zailani, A. U., Husain, T., & Budiyantara, A. (2020). Analisis Simulasi Sistem Penunjang Keputusan: Model Matematis Dengan Pendekatan Goodness-of Fit Berbasis Structural Equation Model. SMARTICS Journal, 6(1), 10-16. https://doi.org/10.21067/smartics.v6i1.4157.