



The Effect of Firm Size, Auditor Switching and Public Accounting Firm Reputation on Audit Delay with Audit Risk as Moderation for Manufacturing Companies

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Authors' contributions

This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.

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ABSTRACT

This study aims to analyze and obtain empirical evidence regarding audit risk as moderating the effect of firm size, auditor switching, and public accounting firm reputation on audit delay. The data collection*employed purposive sampling technique which was carried out at manufacturing companies on the Indonesia Stock Exchange in*2018 to 2020. Thus obtaining 89 manufacturing companies as samples. Moreover, in analyzing the data, Moderated Regression Analysis (MRA) with an interaction test approach was used. Furthermore, the results of the study showed that audit risk weakened the effect of firm size on audit delay. Meanwhile, audit risk did not moderate the effect of auditor switching and public accounting firm reputation on audit delay.

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1. INTRODUCTION

Every go public company*indexed on the Indonesia Stock Exchange (IDX) is required to prepare and present financial reports. The financial statements of companies going public are the results of-audits by independent auditors prior to publication. Financial Services Authority Regulation Article 4 Number 29 of 2016 states that annual reports must contain audited annual financial reports. The purpose of conducting an audit process on the issuer's financial statements is to ensure the quality of financial reports in accordance with the Financial Accounting Standards (SAK) that apply to users of financial statements.

The speed-with which the financial statements of companies going public are published depends on the length of time of the independent auditors carry out the audit process.-This is because the auditor must carry out various audit procedures to gather evidence to support the audit opinion that will be given. According to [1] the completion of the audit process depends on the time taken by the external auditor in publishing the company's financial information.

“The-time span for completing the audit by the auditor can be seen from the time difference between the date of the financial statements and the date of the audit opinion in the audited financial report”- [2]. One measure of accuracy in submitting financial reports is audit delay. According to [1] “audit delay is the length of time it takes to complete an audit, measured from the closing date of the financial year to the completion date of the independent audit report”.

Audit delay is a problem that often occurs in Indonesia. Decree of the Board of Directors of PT. IDX Number Kep-00015/BEI/01-2021 concerning Obligations for Submitting Information states that annual audited financial reports are submitted no later than the end of the third month after the date of the annual audited financial statements. Based-on information data from www.idx.co.id., the Indonesia Stock Exchange noted that as of 31 December 2020 there were 88 issuers (11.7 percent) that had not submitted their audited financial reports in-a timely manner as of 31 May 2021. This data increased significantly. drastically compared to the previous year where the Indonesia Stock Exchange noted that as of 31 December 2019

there were 42 issuers (6.00 percent) who had not submitted audited financial reports by 30 June 2020. In addition, the Indonesia Stock Exchange also noted that as of 29 June 2019 there were 10 issuers (1.50 percent) who had not submitted annual financial reports as of 31 December 2018. According-to data obtained from www.idx.co.id., in 2020 the manufacturing sector was the sector that experienced the most delays in submitting audited financial reports compared to other sectors that recorded there were 33 manufacturing companies (37.5 percent) of the total companies that were late in submitting their audited financial-reports. In 2019, manufacturing companies were also the companies that made the most delays in submitting financial reports, as many as 15 manufacturing companies (35.7 percent), while in 2018 there was 1 manufacturing company (0.10 percent) of the total companies that were late in submitting reports audited financial statements for the year. The significant increase in audit delay experienced by manufacturing companies from 2018 to 2020 was due to the COVID-19 pandemic.

Delays-in submitting financial reports by issuers can be subject to sanctions in the form of written warnings up to suspension. This is in accordance with the Decree of the Board of Directors of PT Bursa Efek Indonesia Number: Kep-307/BEJ/07-2004 concerning-Regulation Number I-H concerning sanctions in the form of suspension if starting on the 91st calendar day after the deadline for submission of financial statements, the listed company still does not fulfill its obligations submission of financial statements and/or listed companies have submitted financial reports but have not fulfilled the obligation to pay fines.

According-to [3] it is stated that the longer the time for publication of financial reports is delayed, the more likely negative rumors about the company will develop. Therefore, -knowing the factors that influence audit delay is important in order to minimize delays in submitting financial reports to the public. This-statement is reinforced by [1] who state that understanding the factors underlying audit delay will provide insight into audit efficiency.

Audit risk is the risk that arises because the auditor unknowingly does not modify his opinion as appropriate, on a financial report that contains

a material misstatement (SA Section 312). According to SA 200 requires the auditor to reduce audit risk to a lower and acceptable level so that the auditor can draw reasonable conclusions from his opinion. Audit risk means that the auditor accepts a certain level of uncertainty in conducting the audit [4]. This means that the auditor must identify the level of uncertainty in order to be accountable for his opinion to the public. To reduce this uncertainty, the auditor must have adequate assurance regarding the overall financial statements that are free from material misstatement, whether due to fraud or error.

Firm-size is the volume of the firm size as seen from-the total company assets [2]. Large companies have a strong internal control system and accounting staff who are competent and professional in their fields, enabling companies to more quickly submit financial reports to the auditors for the audit process. This is consistent with the research results of [5,6] and [2] which reveal that firm size has a negative effect on audit delay. However, the results of research by [7] and [8] reveal that firm size has no effect on audit delay.

Auditor switching is a factor that also affects audit delay. According to [9] "auditor switching is a change in a Public Accounting Firm (KAP) carried out by a company either on their own accord or because of government regulations". According to the Regulation of the Minister of Finance Number 17/PMK.01/2008 in article 3 paragraph 1 which regulates the Limitation on the Period of Providing Services, it states that the provision of general audit services on the financial statements of an entity is carried out by a public accounting firm for a maximum of six consecutive financial years and by a public accountant for a maximum of three consecutive financial years. Companies that experience auditor switching will experience delays in submitting financial reports. This statement is reinforced by ([10] research, 2016) which states that "companies that perform auditor switching will appoint new auditors, so it takes a long time for new auditors to recognize the client's business characteristics and the client company's accounting system". This is consistent with the research results of [10] and [11] which revealed that auditor switching has a positive effect on audit delay. However, the research results of [12,1] reveal that auditor switching has no effect on audit delay.

The public accounting firm's reputation is another factor that influences audit delay. According to [1] public accounting firms that have a good reputation are allied with universal public accounting firms such as the Big Four. Reputable public accounting firms tend to complete the audit process on time because they have qualified and experienced auditors. This statement is reinforced by ([13] research, 2019) which says that public accounting firms with a good reputation will tend to have shorter audit delays because large public accounting firms are more competent and have a large staff of auditors. This is consistent with the research results of [1], and [14] which state that the reputation of a public accounting firm has a negative effect on audit delay. However, the results of research by [15] reveal that the reputation of a public accounting firm has no effect on audit delay.

This study replicates [1] by replacing the independent variable financial distress with firm size and adding audit risk moderating variables. The cause of the emergence of audit risk can be caused by a condition of financial difficulties. This is in line with [16] where one of the factors that influence audit risk is the possibility of client financial difficulties. The results of ([17] research, 2020) state that audit risk has a positive and significant effect on audit report lag. Increased audit risk causes the auditor to carry out a risk check before carrying out the audit process, to be precise in the audit planning phase [10].

This study aims to empirically examine the effect of firm size, auditor switching and public accounting firm reputation on audit delay by adding audit risk as a moderating variable in manufacturing companies on the Indonesia Stock Exchange for the 2018 to 2020 period. Manufacturing sector companies are the most dominant sector in delaying the submission of financial reports, so researchers want to re-examine these companies by adding audit risk moderating variables.

2. THEORETICAL REVIEW

2.1 Agency Theory

Agency theory describes the relationship between management and capital owners, management as an agent is morally responsible for optimizing the profits of capital owners and in return will receive compensation in accordance with the contract. As cited from [18] define "an

agency relationship as a contract in which one or more persons (principals) employ another person (agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent”.

2.2 Audit Delays

“Audit delays in completion of the audit is to be calculated by the difference between the date of signing of the independent audit report by the closing date of annual financial statements” [5] According to PSAK 1 paragraph 38 of 2009 it is stated that the main benefit of a financial report will be reduced if the report is not available on time. Companies should issue audited financial statements no later than 4 months after the balance sheet date is announced. The auditor in carrying out the audit process of the entity's financial statements must have sufficient time to obtain the type and amount of audit evidence sufficient to complete the audit process in order to support the audit opinion given.

2.3 Audit Risk

Audit risk is the risk when the auditor fails to translate opinions appropriately regarding financial statements or material misstatements [19]. Auditors address risk in planning audit evidence generally by using the audit risk model. This model comes from the professional literature in PSA 26 (SA 350) regarding audit sample testing and in PSA 25 (SA 312) regarding materialistic and risk. This research is only limited to inherent risk because the objects observed are only manufacturing companies on the IDX, so data on other audit risks is difficult to obtain. Audit risk in this study arises as a result of financial difficulties experienced by companies which are commonly called financial distress. According to Messier (2014: 121) where one of the factors that influence audit risk is the possibility of the client's financial difficulties. So, to measure the level of audit risk using the altman z-score model because it is useful and relevant for measuring a company's financial health and predicting the possibility of bankruptcy in a company.

2.4 Firm Size

According to [20] firm size is defined as the size of the company seen from the total assets owned. Apart from that, research from [2] uses the total assets owned by the company in measuring firm size. This explanation forms the

basis of this study using total assets as a measure of firm size which consists of all current assets, fixed assets and other intangible assets owned by the company/entity. Total assets are used as an indicator for measuring firm size because it can show wealth starting from the inception of the company/entity.

2.5 Auditor Switching

According to [21] auditor switching is a transfer of auditors carried out by a partner audit company for obligations that must be carried out as stipulated in the decision of the minister of finance. Auditor replacement can occur mandatory due to mandatory regulations or voluntarily. Companies/issuers that conduct auditor switching tend to experience delays in publishing audited financial reports to the public because with a change of auditors, the new auditor requires more time to understand the characteristics and systems of the company to be audited.

2.6 Reputation of Public Accounting Firm

The reputation of the auditor is a public trust that is held by the auditor on behalf of the big one it has [22]. Public accounting firms affiliated with the Big Four tend to complete their audit process more efficiently and in a shorter time compared to public accounting firms that are not affiliated with the Big Four. This is because the Big Four public accounting firms have the availability of the latest technology, facilities and specialist staff and auditors in large numbers so they tend to make the audit process more efficient [23].

2.7 Conceptual Model

This study uses firm size, auditor switching, and public accounting firm reputation as independent variables and audit delay as the dependent variable with audit risk as a moderating variable. The conceptual framework is depicted in Fig. 1 as follows.

2.8 Hypothesis Formulation

2.8.1 The-effect of audit risk in moderating the effect of firm size on-audit delay

The larger the size of the company, the shorter the audit delay period because large companies have reliable human resources, more accounting staff, sophisticated and fast information systems and strong internal control-systems.

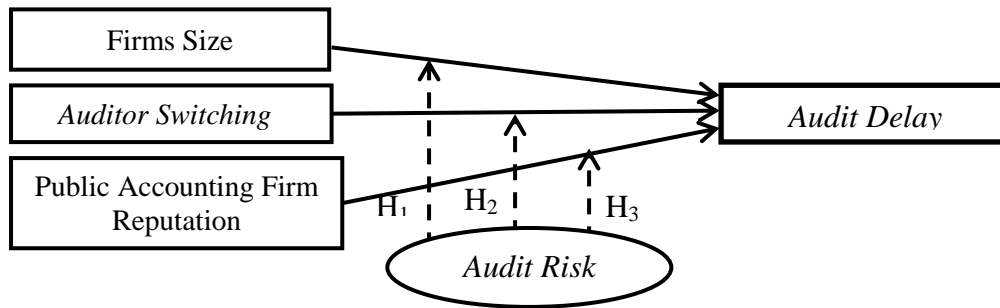


Fig. 1. Conceptual framework

Audit-risk is the risk that arises because the auditor unknowingly does not modify his opinion as appropriate, on a financial report that contains a material misstatement (SA Section 312). The results of research by [22] state that audit risk has a positive effect on audit report-lag. Financial distress is a condition in which a company experiences financial difficulties in fulfilling its obligations [16]. Companies experiencing financial distress will experience delays in publishing their financial reports to the public.

For the auditor, the existence of audit risk arising from financial difficulties will make the auditor careful in giving an opinion. For companies with financial distress, the company will need time to improve its financial statements first before reporting them to the auditor, causing the audit delay time to be longer. The results of research by [6] and [24] state that financial distress weakens the effect of firm size on audit delay. Based on this description, it can be concluded that the effect of firm size on audit delay will be weaker if the company experiences financial distress, so the following hypothesis is obtained.

H₁: Audit risk weakens the effect of firm size on audit delay.

2.8.2 The effect of audit risk in moderating the effect of auditor switching on audit delay

Auditor switching is a change of public accounting firm carried out by the company itself or because the public accounting firm has exceeded the maximum limit in providing audit services to the company. So that with the change of auditors, it will have an impact on the length of time the company publishes audited financial reports to the public. This is the impact of the existence of a new auditor who needs more time to study the characteristics and accounting systems of the company.

Companies experiencing financial distress cannot fulfill the company's financial obligations and find it difficult to meet audit fees charged by public accounting firms [25]. Therefore, companies that are experiencing financial distress have a tendency to switch auditors.

The results of ([26] research, 2017) state that companies that have high audit fees and are experiencing financial distress tend to do auditor switching. So that the existence of auditor switching carried out by the company as a result of the financial distress experienced by the company will cause the audit delay period to be longer. Based on the research results of [10,1] state that financial distress has a positive effect on audit delay. On the basis of this explanation, the hypothesis is obtained as follows.

H₂: Audit risk strengthens the effect of auditor switching on audit delay.

2.8.3 The effect of audit risk in moderating the influence of the public accounting firm's reputation on audit delay

Public accounting firms that have a good reputation can be seen from public accounting firms affiliated with the Big Four public accounting firms. Companies that are audited by reputable public accounting firms will tend to have shorter audit delays because large public accounting firms are more competent and have a large number of auditors on staff [13].

Audit risk can be defined as an uncertainty that the auditor accepts in carrying out his audit [19]. Audit risk arises as a result of the existence of financial difficulties experienced by the company. Financial distress is a condition of a company experiencing financial problems which can be seen from the Z-Score. Financial distress will extend the period of time for the audit process

carried out by the auditor. This is due to supervision carried out by independent auditors because of the manager's desire to improve their financial statements so that the audited financial statements will be delivered longer [1].

Based on this explanation, it can be concluded that audit risk arising from financial distress will affect the performance of public accounting firms that have a good reputation in conducting the audit process so that the audit conducted on the company's financial statements will take longer than it should. The existence of audit risk causes the auditor to work more carefully so as not to be wrong in giving an audit opinion. The results of ([27] research, 2019) state that audit risk weakens the negative relationship between public accounting firm reputation and audit delay, so the hypothesis is obtained:

H₃: Audit risk-weakens the influence of the public accounting firm's reputation on audit-delay.

3. METHOD

The type of data used in this study is quantitative data which is data in the form of numbers. The data source in this study is secondary data in the form of annual reports and financial statements of manufacturing companies from the official website of the Indonesia Stock Exchange which can be accessed via www.idx.co.id.

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2020 period, totaling 181 companies. The sampling technique in this study used a purposive sampling method. After applying the criteria steps in the study, an overview of the number of samples was obtained as listed in Table 1.

3.1 Variables and Operational Definitions of Variables

Audit delays. The indicator for measuring the audit delay variable is measured from the closing date of the financial year until the date of completion of the independent audit report [1]. The audit delay variable can be formulated as follows.

$$\text{Audit delay} = \text{Audit report date} - \text{Financial report date} \quad (1)$$

Firm size. Firm size is a measure that shows the size of the wealth owned by a company [28]. The firm size variable measurement indicator uses total assets owned [2]. The firm size variable is presented in the form of a natural logarithm which is formulated as follows.

$$\text{Firm size} = \text{Ln (Total Assets)} \quad (2)$$

Auditor switching. Auditor switching is a change of public accounting firm carried out by a company due to government regulations or the company's own wishes [9]. Indicators for measuring auditor switching variables use dummy variables, namely: (a) Number 1 is given if the company changes auditors, (b) Number 0 is given if the company does not change auditors.

Reputation of Public Accounting Firm. The reputation of a Public Accounting Firm is defined as the experience of an accountant's office in conducting audits and having a good name that generates public trust in an accounting firm [29]. The indicator for measuring the variable reputation of a public accounting firm uses a dummy variable namely; (a) Number 1 is given to companies that use the services of a public accounting firm affiliated with a public accounting firm the Big Four, (b) Number 0 is given to a company that does not use the services of a public accounting firm affiliated with a public accounting firm the Big Four.

Table 1. Sampling technique

No.	Criteria	Total
1.	Manufacturing sector companies for the 2018-2020 period	181
2.	Companies that do not publish financial reports regularly	(31)
3.	Companies that do not report the financial statements	(20)
4.	Companies that do not use Rupiah currency	(24)
5.	Companies that do not have complete data for this research	(6)
	Total Sample	100
	Outlier Data	(11)
	Number of Companies after deducting Outliers	89
	Observation Year	3
	Overall Sample During the Study Period	267

Audit risk. According to Tuanakotta (2015: 234) audit risk is the risk of giving an inappropriate audit opinion (expressing an inappropriate audit opinion) on financial statements that are materially misrepresented. One of the factors that influence audit risk is the possibility of client financial difficulties (Messier, 2014: 121). Conditions of financial distress occur before a company actually goes bankrupt or is also commonly referred to as financial distress (Dwijayanti, 2010). Based on this explanation, the more companies experience financial distress, the more audit risk will increase. The audit risk variable in this study is limited to describing inherent risk or not the entire audit risk because the objects observed are only manufacturing companies on the IDX, so data on other audit risks is difficult to obtain.

The measurement uses a bankruptcy prediction model proposed by Altman in 1968 which is also called the Altman Z-Score model. The formula for the modified Altman Z-Score model is as follows.

$$Z = 1,2X_1 + 1,4 X_2 + 3,3X_3 + 0,6X_4 + 1,0X_5 \quad (3)$$

Note:

- Z = Bankruptcy Index (Z-Score)
- X₁ = Working Capital / Total Assets
- X₂ = Retained Earnings / Total Assets
- X₃ = Earnings Before Interest and Taxes / Total Assets
- X₄ = Market Value of Equity / Total Debt
- X₅ = Sale / Total Assets

(Ramadhani dan Lukviarman, 2009)

3.2 Data Analysis Technique

This study uses data analysis techniques with multiple linear regression preceded by classical assumption testing (normality test, multicollinearity test, heteroscedasticity test and autocorrelation test) and model feasibility testing, interaction testing and moderation analysis testing. According to [30] Moderated Regression Analysis is an analytical approach that maintains sample integrity and provides a basis for controlling the influence of moderator variables. This analysis aims to determine the effect of audit risk as a moderating variable that will strengthen or weaken the relationship between the independent variables of firm size, auditor switching, and public accounting firm reputation on the dependent variable audit delay. This test was carried out using SPSS software. The equation used in this analysis is as follows:

$$AD = \alpha + \beta_1FS + \beta_2AS + \beta_3PAFR + \beta_4AR + \beta_5FS*AR + \beta_6AS*AR + \beta_7PAFR*AR + e \quad (4)$$

Note:

- AD = Audit Delay
- FS = Firm Size
- AS = Auditor Switching
- PAFR = Public Accounting Firm Reputation
- AR = Audit Risk
- e = Error Term
- α = Constant
- β₁–β₇ = Regression Coefficient

4. RESULTS

4.1 Descriptive Statistics Test

Descriptive statistics are used to determine the description of a data seen from the maximum value, minimum value, average value (mean), and standard deviation value. The variables used in this research are audit delay, firm size, auditor switching, public accounting firm reputation and audit risk. Based on the descriptive statistical analysis, the test results are obtained in Table 2.

Based on Table 2, the audit delay value is obtained from 29 days to 150 days while the average value is 86.000 days and the standard deviation is 24.033. The fastest audit delay was experienced in 2019 by Unilever Indonesia Tbk. and the longest audit delay experienced by Sepatu Bata Tbk. in 2019. This shows that on the Indonesia Stock Exchange there are still companies that publish audited financial reports that exceed the limit set by the OJK (Financial Services Authority).

Descriptive statistical tests for firm size indicators proxied by total assets have a minimum value of IDR 103.351 billion, namely the company PT Prima Cakrawala Abadi Tbk in the 2020 observation year, while the maximum value is IDR 163.136 billion, namely the company Indofood Sukses Makmur Tbk. in the 2020 observation year, an average of IDR 7.947 billion.

The descriptive statistical test for the auditor switching indicator has a minimum value of 0.000, a maximum value of 1.000, an average value of 0.150 and a standard deviation value of 0.358. The minimum value of 0.000 illustrates that the company does not change auditors, the maximum value of 1.00 illustrates that the company does change auditors. The average value of 0.150 means that 15.000 percent of companies do auditor switching and the remaining 85.000 percent of companies do not do auditor switching.

Table 2. Descriptive statistical test results

	N	Minimum	Maximum	Mean	Std. Deviation
Audit Delay	267	29	150	86.450	24.033
Firm Size	267	103,351,122,210	163,136,516,000,000	7,947,086,631,180	17,744,208,153,364
Auditor Switching	267	0.000	1.000	0.150	0.358
PAF Reputation	267	0.000	1.000	0.340	0.474
Audit Risk	267	-8.020	2.260	-3.1854	1.869

Descriptive statistical tests for public accounting firm reputation indicators have a minimum value of 0.000, a maximum value of 1.000, an average value of 0.340 and a standard deviation value of 0.474. The minimum value of 0.000 illustrates that the company does not use the services of a public accounting firm affiliated with the Big Four public accounting firm, the maximum value of 1.000 illustrates that the company uses the services of a public accounting firm affiliated with the Big Four public accounting firm.

The average value of 0.340 means that 34.000 percent of companies use the services of public accounting firms affiliated with the Big Four public accounting firms and the remaining 85.000 percent of companies do not use the services of public accounting firms affiliated with the Big Four public accounting firms. The descriptive statistical test for the audit risk indicator is proxied by the altman z-score which has been multiplied by -1 so that it gives the appropriate meaning having a minimum value of -8.020, namely the company PT Wilmar Cahaya Indonesia Tbk in the 2018 observation year, while the maximum value is 2.260, namely the company Waskita Beton Precast Tbk. in the 2020 observation year, the average is -3.190, and the standard deviation is 1.869. This shows that there is a difference in the value of the size of the company studied with an average value of 1.869.

4.2 Moderated Regression Analysis Testing

The Moderated Regression Analysis test aims to determine whether audit risk as a moderating variable will strengthen or weaken the relationship between the independent variables of firm size, auditor switching, and public

accounting firm reputation on the dependent variable audit delay.

Based on the results of the regression analysis in Table 3, the MRA equation is as follows:

$$AD = 319.032 - 8.551FS + 9.596AS + 11.802PAFR + 40.306AR - 1.435FS*AR + 2.354AS*AR + 3.389PAFR*AR + e$$

A constant of 319.032 states that if the independent variables are considered constant then the audit delay is 319.032. The regression coefficient for firm size (FS) is -8.551, which means that each additional 1 unit of firm size will reduce audit delay by 8.551. The regression coefficient of auditor switching (AS) is 9.596 indicating that each addition of 1 unit of auditor switching will increase audit delay by 9.596. The regression coefficient for reputation of a public accounting firm (PAFR) is 11.802, indicating that each addition of 1 unit of reputation for a public accounting firm will increase audit delay by 11.802. The regression coefficient of audit risk (AR) is 40.306 indicating that each additional 1 unit of audit risk will increase audit delay by 40.306.

The regression coefficient of the interaction between firm size and audit risk (FS*AR) is -1.435 indicating that each additional 1 unit of interaction between firm size and audit risk will reduce audit delay by 1.435. The regression coefficient of the interaction between auditor switching and audit risk (AS*AR) is 2.354 indicating that each additional 1 unit of interaction between auditor switching and audit risk will increase audit delay by 2.354. The regression coefficient of the interaction between the reputation of a public accounting firm and audit risk (PAFR*AR) is 3.389 indicating that each additional 1 unit of interaction between the reputation of a public accounting firm and audit risk will increase audit delay by 3.389.

Table 3. Moderated regression analysis test results

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	319.032	58.697		5.435	0.000
Firm Size	-8551	2.079	-0.520	-4.113	0.000
Auditor Switching	9.596	6.776	0.143	1.416	0.158
PAF Reputation	11.802	6.678	0.233	1.767	0.078
Audit Risk	40.306	16.058	3.135	2.510	0.013
FS*AR	-1.435	0.570	-3.191	-2.515	0.012
AS*AR	2.354	2.028	0.118	1.160	0.247
PAFR*AR	3.389	1.728	0.291	1.961	0.051

a. Dependent Variable: Audit Delay

Coefficient of Determination. The coefficient of determination test aims to test the ability of the independent variables to explain variations in changes in the dependent variable. The results of the test for the coefficient of determination in this study are shown in Table 4.

Based on Table 4, the results show that the coefficient of determination is 0.141 or 14.100 percent, this indicates that the variable audit delay of 14.100 percent is influenced by the variable firm size, auditor switching, reputation of the tax accounting firm, and audit risk and audit risk interaction with firm size, auditor switching, and tax accounting firm reputation. Meanwhile, the remaining 85.900 percent (100 percent - 14.100 percent) is influenced by other variables outside the research model.

Simultaneous Regression Test. The simultaneous significant test aims to test whether all independent variables have a simultaneous effect on the dependent variable in the research

model. Simultaneous significant test results are shown in Table 5.

Based on Table 5, it was found that the F value was 6.456 with a significant value of 0.000. These results are below the probability level used, namely 0.050, so it can be concluded that this model is feasible to use in research and simultaneously the variable firm size, auditor switching, tax accounting firm reputation, and audit risk as well as the interaction of audit risk with firm size, auditor switching, and the reputation of a tax accounting firm.

4.3 Hypothesis Test

4.3.1 Interaction test with MRA

This interaction test aims to see how the influence of audit risk moderates the relationship between firm size, auditor switching, and the reputation of a public accounting firm on audit delay.

Table 4. Test results for the coefficient of determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.408 ^a	0.167	0.141	22.275

*a. Predictors: (Constant), X3*Z, X2*Z, Firm Size, Audit Risk, Auditor Switching, PAF Reputation, X1*Z*

Table 5. Simultaneous test results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25627.085	8	3203.386	6.456	0.000 ^b
	Residual	128012.877	258	496.174		
	Total	153639.963	266			

a. Dependent Variable: Audit Delay
*b. Predictors: (Constant), FS*AR, AS*AR, PAFR*AR, Firm Size, Audit Risk, Auditor Switching, PAF Reputation*

Table 6. Test results for interaction test with MRA

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	328.521	60.964		5.396	0.000
	Firm Size	-8.572	2.161	-0.522	-3.967	0.000
	Auditor Switching	12.108	7.020	0.180	1.725	0.086
	PAF Reputation	11.005	6.938	0.217	1.586	0.114
	Audit Risk	42.046	16.684	3.721	2.520	0.012
	FS_AR	-1.493	0.593	-3.320	-2.519	0.012
	AS_AR	2.716	2.107	0.137	1.289	0.198
	PAFR_AR	3.348	1.796	0.287	1.864	0.063

a. Dependent Variable: Audit Delay

Based on the results of the interaction test in Table 6, it shows that audit risk moderates the relationship between firm size and audit delay, this can be seen from the significance value of 0.012 is smaller than 0.050. While the value of the regression coefficient of the interaction of firm size with audit risk is -1.493 greater than the value of the regression coefficient of firm size before interaction of -8.572, meaning that audit risk weakens the relationship between firm size and influence on audit delay. Based on the results of the interaction test, it can be concluded that hypothesis 1 which states that audit risk weakens the effect of firm size on audit delay is statistically proven or it can be said that H_1 is **accepted**.

The interaction test shows that audit risk does not moderate the relationship between auditor switching and audit delay, this can be seen from the significance value of 0.198 is bigger than 0.050. Based on the results of the interaction test, it can be concluded that hypothesis 2 which states audit risk strengthens the effect of auditor switching on audit delay is statistically unproven or it can be said that H_2 is **rejected**.

The interaction test shows that audit risk does not moderate the relationship between the reputation of a public accounting firm and audit delay, this can be seen from the significance value of 0.063 is bigger than 0.050. Based on the results of the interaction test, it can be concluded that hypothesis 3 which states that audit risk weakens the influence of the public accounting firm's reputation on audit delay is statistically unproven or it can be said that H_3 is **rejected**.

4.4 Discussion of Research Results

4.4.1 The effect of audit risk in moderating the relationship between firm size and audit delay

The results of interaction tests with MRA in statistical tests show that audit risk weakens the effect of firm size on audit delay. This illustrates that the greater the interaction between firm size and audit risk, the longer the audit delay or it is said that audit risk weakens the relationship between firm size and audit delay. The results of this study are in line with the results of research by Wulandari et al. [6] and Hasibuan et al. [24] which state that financial distress weakens the effect of firm size on audit delay.

Based on agency theory, that is, in large companies' management has full control over the company and can take advantage of the company's financial ability to provide more incentives to the auditor to speed up the auditing process, as a step to fulfill obligations to the principal.

Large companies are more timely in submitting their financial reports than small companies because large-scale companies will complete their audit process faster than small-scale companies. This is because large-scale companies have good control systems and professional and competent accounting staff so that it will speed up the auditors in carrying out their audits and make audit delays shorter. In addition, large companies will always maintain their image in the public eye so that companies try to submit their financial reports on time.

Financial distress is a condition that illustrates that the company is experiencing financial difficulties due to the company's operational receipts not fulfilling the company's obligations. Meanwhile, audit risk is the risk that arises because the auditor unknowingly does not modify his opinion as appropriate, on a financial report that contains a material misstatement (SA Section 312).

According to [31] where one of the factors that influence audit risk is the possibility of client financial difficulties. So based on this, the higher the financial distress experienced by the company, the higher the audit risk will be. Companies that experience audit risk tend to take longer to complete the audit process as a result of the auditor needing to carry out a risk examination before carrying out the audit process which makes the audit process longer even though the company is included in a large company.

4.4.2 The effect of audit risk in moderating the relationship between auditor switching and audit delay

The results of the interaction test with the MRA in statistical tests show that audit risk does not moderate the effect of auditor switching on audit delay. The results of this study are in line with the results of ([12] research, 2019) which state that audit risk proxied by financial distress does not moderate the effect of auditor switching on audit delay.

Based on agency theory, management as an agent is assumed to have personal interests and

want to maximize their interests. Management certainly wants the company to look in good condition to attract stakeholders' trust and increase the company's confidence. The authority possessed by the company causes management to decide to do auditor switching.

Companies that do auditor switching will not affect audit delay because the auditor is a profession that has a code of ethics and is highly professional in carrying out its work. According to (Setiawan, 2020) auditors must maintain their professional knowledge and skills at a fairly high level, and be diligent in applying their knowledge and skills when providing professional services.

Audit risk in this study is explained as a result of financial distress that occurs within a company. Companies that are experiencing financial difficulties tend to have high audit risk, so the auditor needs to conduct a risk assessment before carrying out the audit process.

Meanwhile, companies that are experiencing financial distress will tend to do auditor switching because it adjusts to the company's ability to provide audit fees to tax accounting firms. However, based on the results of this study which indicate that audit risk does not moderate the relationship between auditor switching and audit delay because when a company experiences audit risk resulting from financial distress, the company will not switch auditors because it shows that everything that happens in the company is going well.

Changing auditors too frequently will increase auditor start-up costs, namely understanding the client's business environment and client audit risk.

Based on this explanation, with the audit risk that arises, the company will not change the auditor directly because it considers the auditor startup costs that might occur. In addition, a change of auditor does not affect audit delay due to client acceptance and audit planning carried out before the client's fiscal year ends. So it can be concluded that audit risk does not moderate the relationship between auditor switching and audit delay.

4.4.3 The effect of audit risk in moderating the relationship between the reputation of a public accounting firm and audit delay

The results of the interaction test with the MRA in statistical tests show that audit risk does not

moderate the effect of public accounting firm reputation on audit delay. The results of this study are not in line with the results of ([27] research, 2019) which states that audit risk weakens the negative relationship between the reputation of a public accounting firm and audit delay.

Based on agency theory, namely, management as agent and company owner as principal, have agreed to determine which public accounting firm is entrusted with carrying out the audit process in the company. Public accounting firms have sufficient resources and experience in the audit process, so that public accounting firms affiliated with the Big Four and Non-Big Four will both carry out the audit process in the company quickly according to the previous audit plan.

Companies audited by Big Four public accounting firms and non-Big Four public accounting firms will not affect audit delay. This is because every public accounting firm tries to show a level of professionalism in the audit process and provides the best quality services to all of its clients.

The Professional Standards for Public Accountants (SPAP 2011, SA 230) state that in conducting audits and preparing their reports, the auditor must use his professional skills carefully and thoroughly. The use of professional skill with care and due diligence emphasizes the responsibility of every professional working in an independent auditor's organization to observe fieldwork and reporting standards.

However, based on the results of this study which indicate that audit risk does not moderate the relationship between public accounting firm reputation and audit delay because even though there is audit risk in the audit process, Big Four public accounting firms and Non-Big Four public accounting firms will continue to provide the best service to their clients. In carrying out the audit process in accordance with the planning and audit risk assessment that has been carried out beforehand even though the Big Four public accounting firms and Non-Big Four public accounting firms themselves cannot guarantee speed in completing the audit process.

Apart from that, the COVID-19 pandemic has forced the Indonesia Stock Exchange to extend the deadline for submitting financial reports for two months from the due date for submitting financial reports. So that with this policy, the

audit delay will be longer than in the previous year even though it was audited by a Big Four public accounting firm and a non-Big Four public accounting firm.

5. CONCLUSIONS

The results of the study show that audit risk weakens the effect of firm size on audit delay. Companies that experience audit risk tend to take longer to complete the audit process as a result of the auditor needing to do a risk check first. Audit risk does not moderate the effect of auditor switching on audit delay. Audit risk occurs as a result of financial distress in a company.

Companies that are in a state of financial difficulty will not change auditors because it shows that everything that happens in the company is going well. Changing auditors too frequently will increase auditor start-up costs, namely understanding the client's business environment and client audit risk.

Audit risk does not moderate the effect of public accounting firm reputation on audit delay. Big Four public accounting firms and Non-Big Four public accounting firms will continue to provide the best service to their clients even though there is an audit risk that arises as a result of the financial difficulties experienced by the company because in carrying out the audit process, the public accounting firm has already gone through planning, as well as audit risk assessment.

Based on these conclusions, some suggestions can be expected to become a benchmark for companies not to be late in reporting audited financial reports to the public with predetermined regulatory provisions.

Suggestions for the auditor to pay more attention to the impact that can arise from the existence of audit risk in the audit process carried out, so that in this way the auditor is expected to be more careful about these factors so that audit delay can be minimized and financial reports can be published on time.

Investors can pay attention to companies that have shorter audit delays to invest, because the shorter the audit delay, the faster the financial statements are published.

Financial reports that are published in a timely manner will be useful for investors to make investment decisions, because the information

will lose its usefulness if it is not available when it is needed. For further research, it is hoped that it will be able to further refine research on variables that can affect audit delay by using other sector companies besides the manufacturing sector, adding independent variables from both internal and external factors of the company.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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