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THE EFFECT OF THE COMPLEXITY OF COMPANY OPERATIONS, COMPANY AGE, AUDIT OPINION AND AUDIT COMMITTEE ON AUDIT *DELAY* WITH COMPANY SIZE AS A MODERATING VARIABLE

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ABSTRACT

The purpose of this study is to analyze the effect of the complexity of company operations, company age, audit committee and audit opinion on audit delay, as well as to analyze the size of the company in moderating the effect of the complexity of company operations, company age, audit committee and audit opinion on audit delay. The data used is secondary data, namely annual financial statements on Industrial sector companies for 2017-2021. Sampling in this study used *purposive sampling* method. With this method, 100 companies were obtained as research samples. The data analysis method used is panel data regression analysis using eview version 10.0. The results showed that the age of the company had a positive effect on the audit delay and the audit committee had a negative effect on the audit delay while the complexity of the company's operations and audit opinion did not affect the audit delay, the size of the company was able to moderate the relationship of the company's age to the audit delay, the size of the company was able to moderate the relationship of the complexity of the company's operations to Audit delay, the size of the company is unable to moderate the relationship of the audit committee to audit delay.

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INTRODUCTION

The development of the capital market in Indonesia has resulted in the demand for transparent financial conditions in *go-public companies*. In conditions of high uncertainty, financial statements have a very important role in the investment business in the capital market because they provide information on the company's financial activities in each period to estimate the company's prospects in the future. Financial statements issued are financial statements that have been audited by auditors. The quality of financial statements is also influenced by the audit completion process, if the audit completion takes longer, the financial statements are increasingly irrelevant and not on time and reduce the value of the information because it cannot be used in the decision-making process. For this reason, timeliness is very important in presenting financial statements to the public.

Based on the Financial Services Authority (OJK) Regulation No. 29/POJK04/2016 concerning the Annual Report of Issuers or Public Companies requires public companies to submit their annual financial statements to the OJK no later than 120 days or 4 months after the financial year ends. *Audit Delay* is the time span between the date of the book closing year, which is December 31, to the date of issuance of the audit opinion in the audit report. The earlier the period between the end date of closing and the date of publication of financial statements, the more benefits received for users of financial statements.

Delays in financial statements can reduce the relevance of financial statements and the sense of trust of external parties, especially investors. The company's health is also considered poor indicating management weaknesses that cause the company's profit level and sustainability to

be disrupted so that audits are carried out longer if the company's financial reporting is not on time. Audit delay can be influenced by several factors including the complexity of company operations, age of the company, audit opinion, company size and audit committee.
The level of complexity of the company's operations can be seen from the number of subsidiaries owned and the diversification of products and markets so that it tends to provide challenges in the audit process carried out by auditors (Saputri, 2012).
The age of the company can be seen from how long the company has been operating. Whether the company is old or just established. If the company has been operating for a long time, it is likely that the company already has many branches or new businesses, so that more and more need to be audited by auditors and cause longer submission of financial statements.
Financial statement audit opinion is an opinion that has been adjusted to certain criteria, to obtain and evaluate evidence objectively about economic activities and events, such as with the risk of error (irregularities), and as evidence that supports the preparation of reports.
The audit committee is a committee formed by the board of commissioners who work professionally and independently whose task is to assist and strengthen the functions of the board of commissioners in carrying out supervisory functions in financial statements, risk management, audit implementation and implementation of good corporate governance in the company (Widari, 2019).
The size of the company is a big picture of a company that can be seen from various ways such as the amount of wealth (total assets), stock market value, number of sales or the number of workers owned by the company (Amani, 2016).

RESEARCH METHODS

Population

The population in this study is Industrial sector companies listed on the Indonesia Stock Exchange in 2017 – 2021. The research sampling technique is by purposive sampling method, with certain criteria. The selected sample was 20 Industrial Companies for 5 years. So the samples used are as many as 100 samples.

Operational Definition of Variables and Measurements

The complexity of the company's operations

The level of complexity of the company's operations can be seen from the number of subsidiaries owned and the diversification of products and markets so that it tends to provide challenges in the audit process carried out by auditors (Saputri, 2012). In this study can be calculated as follows:
Complexity of Company Operations = Number of subsidiaries owned by the company

Company Age

Whidiasari &; Budhiarta, (2016) stated in their research that the age of the company is the company's ability to run its operations since its establishment until now. In this study the age of the company can be calculated as follows:
Age of Company = Year of Research – Year of Company Establishment

Audit Committee

According to OJK Regulation No. 55/POJK.04/2015 article 1 explains that the audit committee is a committee formed by and responsible to the board of commissioners in assisting in carrying out the duties and functions of the board of commissioners. In this study the audit committee can be calculated as follows:
Audit committee = the number of audit committees in the company's annual financial statements.

Audit Opinion

Audit opinion is a report that contains the auditor's opinion which contains whether the performance report has been prepared reasonably or unreasonably. Audit opinion indicators are:
Audit Opinion = Dummy code 1 for *Qualified Opinion* opinion in the form of an unqualified opinion. Dummy Code 0 for *Unqualified Opinion* opinions in the form of unnatural opinions or statements of no opinion.

Audit Delay

According to Ariani &; Bawono, (2018) Audit Delay or the length of time to complete an audit conducted by an auditor which can be measured from the closing date of the financial year to the date of issuance of the independent auditor's financial statements. In this study the audit delay can be calculated as follows:

Audit Delay = Independent Audit Report Date – Company Book Close Date

Company Size

Company size is a grouping of companies including small, medium and large companies. By looking at the total assets owned, it can be an indicator of how the size of a company. In this study the size of the company can be calculated as follows:

Company Size = Ln(Total Assets)

Data Processing and Analysis Techniques

Descriptive Statistical Analysis Descriptive analysis is used to describe or describe data related to research that has been collected in terms of mean, standard deviation, maximum, and minimum values

Panel Data Regression Estimation is a merger consisting of cross-section data and time series data. In a panel data regression model, it can result in difficulties in determining the specifications of the model. The ways to overcome difficulties with analysis methods are *common effect model* (CEM), *Fixed Effect Model (FEM) and* Random Effect Model *(REM)*

a. Multicholinerity Test

The multicollinearity test aims to test whether the regression model found a correlation between independent variables (Ghozali, 2013: 105). A good regression model should not have correlations between independent variables. In this study, tolerance and VIF values were used to detect multicollinearity problems. Both measures show each independent variable which is described by the other independent variable. If a regression model has a tolerance value ≤ 0.10 or equal to a VIF value of ≥ 10, multicholinerity has occurred. Conversely, if a regression model has a tolerance value ≥ 0.10 or equal to a VIF value of ≤ 10, multicholinerity does not occur.

b. Heteroscedaticity Test

The Heterokedasticity test aims to test whether in the regression model there is an inequality of variance from the residual of one observation to another (Ghozali, 2013: 139). Heteroscedasticity is one of the factors that causes simple linear regression models to be inefficient and accurate, also resulting in the use of the maximum likelihood method in estimating regression parameters (coefficients) will be disrupted. To detect the presence of heterokedasticity can be done with the Glesher test. If the variance from the residual of one observation to another observation is fixed then it is called homoscedasticity and if it is different it is called heteroscedasticity. A good regression model is one in which homokedasticity or heteroscedasticity does not occur. How to detect the presence or absence of heteroscedasticity can be done with the Glejser Test, which detects the presence or absence of heteroscedasticity by progressing the residual absolute value to the independent variable. Decision making regarding heteroscedasticity is if the significance value is more than 0.05 (probability value> 0.05) then it can be concluded that the regression model is free from heteroscedasticity symptoms.

c. Test the hypothesis

Hypothesis testing is a process for evaluating the strength of evidence from a sample, and providing a basis for making decisions related to its population. The purpose of a hypothesis test is to decide whether the hypothesis being tested is rejected or accepted.

a. Coefficient of Determination Analysis (R2)

The coefficient of determination (R2) essentially aims to measure the magnitude of the contribution of variation X to variation Y (Supranto, 2009: 284). The value of the coefficient of determination is between 0-1. A small R2 value means that the ability of independent variables to explain dependent variable variation is very limited. A value close to one

means that the independent variables provide almost all the information needed to predict the variation of the dependent variable.

b. Test F

The F statistical test basically shows whether all the independent or independent variables entered have an effect together on the dependent variable or the dependent variable. How to perform the F test is as follows:

1. Compares the results of the magnitude of the probability of making an error (significant level) that arises, with the probability of the event appearing (probability) determined at 5% or 0.05 in the output. To make a decision to reject or accept the null hypothesis (H0):

a. If it is significant > 0.05 then the decision is to accept H0 and reject Ha.

b. If the significance < 0.05 then the decision is to reject H0 and accept Ha

2. Compare the statistical value of F count with the F value of the table:

a. If the statistical value F is calculated < the statistical value F of the table, then H0 is accepted.

b. If the statistical value F is calculated > the statistical value F of the table, then H0 is rejected.

The F Test formula is:

$$F = \frac{R^2/K}{(1-r^2)/(n-1-K)}$$

F = F hitung yang selanjutnya dibandingkan dengan F tabel
R^2 = Koefisien korelasi berganda dikuadratkan
N = Jumlah sampel
K = Jumlah variabel bebas (Priyatno, 2013)

c. T Test

The t-test is used to partially test the hypothesis to show the effect of each independent variable individually on the dependent variable. The t test is a test of the regression coefficient of each independent variable against the dependent variable to find out how much influence the independent variable has on the dependent variable. To determine whether or not there is an influence of independent variables individually on the dependent variable, it is done by comparing the p-value in the sig column. Each independent variable with a significant level used 0.05. if the p-value > degree of confidence (0.05) then H1 and H2 are rejected. It means that there is no influence significant of the independent variable individually to the dependent variable, and vice versa. Likewise, to compare t count with t table. If t counts > t table then H1 and H2 are accepted. This means that there is a significant influence of the independent variable individually on the dependent variable, and vice versa

RESULTS OF RESEARCH AND DISCUSSION

1. Descriptive Statistical Results

The descriptive statistical test in this study presents the results of measuring the mean, median, maximum and minimum values of managerial ownership, institutional ownership, profitability, company size against dividend policies in property and real estate companies listed on the Indonesia Stock Exchange (IDX). The results of this descriptive statistical test were tested using Eviews software version 10. The description of these statistical data variables can be seen in Figure 4.1.1:

2. Model Selection Model Estimation

a. Test Chow

The next test is to conduct testing to determine the right panel data model with this study. To choose *the Commond Effect Model* and *Fixed Effect Model*, it is necessary to do a chow test. If the Probability value is > 0.05 to H0 rejected and H1 accepted, it means that the accepted model is *Fixed Effect Model*

b. **Hausman Test**

The next test is to choose the panel data model to use. Because the previously selected model is the *Fixed Efect Model* model, it is necessary to do a *hausman test.* This test is to determine between *Fixed Effect Model* and *Random Effect Model*. The benchmarks used in making conclusions are as follows:
1. If the probability value of *Chi-Square* > 5% then H0 is accepted, meaning *Model Random Effect.*
2. If the probability value of Chi-Square < 5%, then H0 is rejected, meaning *Model Fixed Effect.* The results of the hausman test using eviews 10 obtained the following results: we recommend using *the Random Effect Model (*REM) or *Common Effect Model* (CEM). This test can be seen at the Breusch-pagan probability values as follows:
H0: The model follows *the Common Effect Model* (CEM) when the Breush-pagan Cross-section Probability value > 0.05
Ha: The model follows *the Random Effect Model* (REM) when the Breush-pagan Cross-section Probability value < 0.05
The results of the Lagrange Multiplier Test are shown in Figure 4.33 as follows:

d. Model Conclusion

Figure 4.34.
Panel Data Regression Model Selection Results

No	Method	Testing	Result
1	Test Chow	CEM vs FEM	FEM
2	Hausman Test	REM vs FEM	FEM
3	Lagrange Multiplier Test	CEM vs REM	BRAKE

Based on the results of the three tests that have been carried out, it can be concluded that the panel data regression model to be used in testing the hypothesis and panel data regression equation is the *Fixed Effect Model* (FEM).

3. Classical Assumption Test

The Classical Assumption Test is a statistical requirement that must be met in regression analysis using the approach
Ordinary Least Squared (OLS) in its elimination technique. Thus, whether or not classical assumption testing is necessary depends on the results of the selection of regression model estimates. In panel data regression, the OLS-based model is CEM or FEM. Conversely, if the regression equation is more suitable using REM, there is no need to test classical assumptions, because *the Random Effect Model* (REM) uses the General Lest Squared (GLS) approach in its estimation technique.
The classical assumption test consists of Linitity, Autocorrelation, Multicollinearity and Normality tests, however, not all tests are performed in panel data regression, only Multicollinearity and Heteroscedasticity tests are required.

a. Multicollinearity Test
Multicollinearity tests need to be done on regressions that use more than one independent variable, this is to find out whether there is a relationship between the independent variables to be studied. To detect multicollinearity in can be by looking at the correlation coefficient between independent variables
b. Adjusted R2 Test (Coefficient of Determination)
The results of the Adjusted R-squared test are used to see how much influence the independent variable has when the independent variable is more than two. The hypothesis of the coefficient of determination test can be seen in Figure as follows:
c. Partial Significant Test (Test t)

The results of the t test explain the significance of the influence of the independent variable partially on the dependent variable (Eksandy and Heriyanto, 2017). Tenderloin

1. The complexity of the company's operations

The t-statistic value of the company's operating complexity is 0.034466, while t Table with a level of a = 5%, df (n-k) = 95 obtained a T table value of 1.98525. Thus the Managerial t-statistic (0.034466) < t Table (1.98525) and the value of Prob. 0.9726 > 0.05.
So it can be concluded that the variable complexity of company operations in this study has no influence on audit delay. Thus H1 in this study was rejected.

2. Company Age

The t-statistic value of Company Age is 4.361539, while t Table with level a = 5%, df (n-k) = 95 obtained T table value of 1.98525. Thus t-statistic age of the company (4.361539) > t Table (1.98525) and the value of Prob. 0.0000 < 0.05.
So it can be concluded that the company's age variable in this study has an influence on audit delay. Thus H2 in this study is accepted.
The value of the Regression Coefficient of the company's age variable of 5.509536 illustrates that the company's age variable has a positive effect on audit delay.

3. Audit Committee

The t-statistic value of the Audit Committee is -2.203770, while t Table with a level of a = 5%, df (n-k) = 30 obtained a T table value of 1.98525. Thus the t-statistics of the audit committee (-2.203770) < t Table (1.98525) and the value of Prob. 0.0306 < 0.05.
So it can be concluded that the audit committee variables in this study negatively affect audit delay. Thus H3 in this study is accepted.

4. Audit Opinion

The t-statistic value of the audit opinion is -1.755675, while t Table with a level of a = 5%, df (n-k) = 30 obtained a T table value of 1.98525. Thus t-statistic audit opinion (-1.755675) < t Table (1.98525) and Prob value. 0.0832 > 0.05.
So it can be concluded that the audit opinion variable in this study has no influence on audit delay. Thus H4 in this study was rejected.

CONCLUSION.

This study aims to analyze the effect of the complexity of company operations, company age, audit committee and audit opinion on audit delay with company size as a moderating variable. The sample used in this study is 20 Industrial companies listed on the Indonesia Stock Exchange during the period 2015-2021.
Based on the results of the tests that have been done, several things can be concluded, namely:

1. The complexity of the company's operations
   The t-statistic value of the company's operating complexity is 0.034466, while t Table with a level of a = 5%, df (n-k) = 95 obtained a T table value of 1.98525. Thus the Managerial t-statistic (0.034466) < t Table (1.98525) and the value of Prob. 0.9726 > 0.05.So it can be concluded that the variable complexity of company operations in this study has no influence on audit delay. Thus H1 in this study was rejected.
2. Company Age
   The t-statistic value of Company Age is 4.361539, while t Table with level a = 5%, df (n-k) = 95 obtained T table value of 1.98525. Thus t-statistic age of the company (4.361539) > t Table (1.98525) and the value of Prob. 0.0000 < 0.05. So it can be concluded that the company's age variable in this study has an influence on audit delay. Thus H2 in this study is accepted.
3. Audit Committee
   The t-statistic value of the Audit Committee is -2.203770, while t Table with a level of a = 5%, df (n-k) = 30 obtained a T table value of 1.98525. Thus the t-statistics of the audit committee (-2.203770) < t Table (1.98525) and the value of Prob. 0.0306 < 0.05. So it can be concluded that the audit committee variables in this study negatively affect audit delay. Thus H3 in this study is accepted.

4. Audit Opinion
The t-statistic value of the audit opinion is -1.755675, while t Table with a level of a = 5%, df (n-k) = 30 obtained a T table value of 1.98525. Thus t-statistic audit opinion (-1.755675) < t Table (1.98525) and Prob value. 0.0832 > 0.05.
So it can be concluded that the audit opinion variable in this study has no influence on audit delay. Thus H4 in this study was rejected.
5. Company Size moderates the Complexity of Company Operations against Audit Delay
The size of the Company is not significant as moderating the relationship between the Complexity of Company Operations to Audit Delay, with a value of Prob 0.1254 > 0.05. Thus the H5 in this study was rejected.
6. Company Size moderates Company Age against Audit Delay
Company Size is significant as moderating the relationship between Company Age and Audit Delay, with Prob value 0.0032 < 0.05. Thus H6 in this study was accepted.
7. Company Size moderates Audit Committee against Audit Delay
The size of the Company is not significant as a moderation of the relationship between the Audit Committee and Audit Delay, with a value of Prob 0.6707 > 0.05. Thus H7 in this study was rejected.
8. Company size moderates Audit Opinion against Audit Delay
The Company's size is significant as moderating the relationship between Audit Opinion and Audit Delay, with Prob values of 0.0435 < 0.05. Thus H8 in this study is accepted.

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