Analysis of influencing factors audit delay on registered banking firms on the Indonesian stock exchange before and during the pandemic period

Arfan Ikhsan[1*], Iskandar Muda[2], Anwari Masatip[3], Enos Julvirta[4]

[1]Universitas Negeri Medan, Indonesia.
[2]Universitas Sumatera Utara, Indonesia.
[3,4]Politeknik Pariwisata Palembang, Indonesia.

*Corresponding author: Arfan Ikhsan (Email: arfanikhsan@unimed.ac.id)

ABSTRACT

Purpose: Audit delays reflect the timeliness of financial reporting. The lack of financial reports when required can render important information irrelevant. Shorter audit delays allow investors to make decisions more quickly which makes the information more valuable to them. This research aims to analyze the influence of auditor switching (AS), financial distress (FD), public accounting firm (PAF) reputation and the COVID-19 pandemic on AD.

Design/Methodology/Approach: The population of research includes all firms in the financial sector listed on IDX for 2019-2022. This research uses purposive sampling where the samples are determined based on the researcher's objectives. There were 176 companies selected as samples for each year of observation.

Findings and Conclusion: The data are analyzed using descriptive statistics and multiple linear regression analysis. Based on the results of the test, AD is positively influenced by FD, AS has no effect on AD and AD is negatively impacted by PAF reputation. Furthermore, there is a significant difference in AD before and during the COVID-19 pandemic with audit delays being longer during the pandemic.

Research Limitations/Implications: It is recommended to retest variables that have no effect on the study and include additional independent variables that may have an impact on audit completion performance to obtain a better understanding of why AD still exists in Indonesia for future research.

Keywords: *Audit delay, Auditor switching, Financial distress, Financial reports, Pandemic period and Indonesian stock exchange, Public accounting firm reputation.*

1. INTRODUCTION

Key factors for firm sustainability are the quality of financial reports (FR). Financial reports provide explanations about the firm's financial circumstances, performance and transformation in financial position that can help various users such as creditors, investors, the government, society and others make decisions (William, Bettner, & Carcello, 2021). FR must be timely and accurate in order to be helpful. Submitting FR on time can give the company a competitive edge and enhance its reputation among the public which can lead to trust in the information provided by the company (Dewi & Jusia, 2013). Moreover, timely FR can support better decision-making while delayed FR can lose their relevance and usefulness. Therefore, timeliness is a fundamental aspect of FR (Banimahd, Moradzadehfard, & Zeynali, 2012; Lie, 2012). One cause of the delay in publishing the yearly FR is AD.

AD is the time span between the end of the fiscal year and the date of the audit report which reflects how long it takes for the auditor to complete the audit of the annual FR (Ashton, Willingham, & Elliott, 1987; Bana, 2020; Carslaw & Kaplan, 1991; Darmawan & Widhiyani, 2017; Syahril & Yeni, 2019). Audit delay can influence the timeliness and market reaction of the accounting information. If the audit delay exceeds the deadline set by the Financial Services Authority (FSA), it will result in the late publication of the FR. The AD increases with the duration

Nurture: *Volume 18, Issue 2, 508-517,* ***2024***
Online ISSN: *1994-1633/* ***Print ISSN***: *1994-1625*
DOI: *10.55951/nurture.v18i2.660* | ***URL***: www.nurture.org.pk
Publisher: *Nurture Publishing Group*

of the audit work. According to Subekti and Widiyanti (2004), audits that follow the standards more closely require more time while audits that deviate from the standards require less time.

Investors need to get financial reports as soon as possible to make quick and informed decisions. The shorter the AD, the faster investors can react to the financial information (Che-Ahmad & Abidin, 2008; Elen & Sari, 2012; Pratiwi & Wiratmaja, 2018). Audit delay is one of the main reasons for the late issue of yearly reports worldwide (Al Bhoor & Khamees, 2016). Audited yearly reports are the most reliable source of information for investors (Mathuva, Tauringana, & Owino, 2019; Rusmin & Evans, 2017). Therefore, timeliness is very important (Afriyeni & Marlius, 2019; Lie, 2012; Modugu, Eragbhe, & Ikhatua, 2012). Abdulla (1996) states that delayed publication of audited financial reports can increase uncertainty and affect the decisions of investors based on these reports. Investing requires accurate and timely information for decision-making. Timeliness implies that information is available to judgment makers before it loses its ability to influence decisions. Decision-making cannot be aided by irrelevant and non-timely information. This decision making will be crucial for the company's future sustainability. Therefore, information is relevant if it has predictive value, feedback value and timeliness.

Audit delay is a persistent challenge in Indonesia. According to FSA regulation, the deadline for submitting financial reports is the end of the fourth month. If financial information is not presented correctly and on time, it will be less useful and reliable for the users. However, many companies still fail to comply with this regulation and submit their audited financial reports late, as shown in Table 1.

Table 1. Number of Emitens conducting audit delays.

No.	Years	Number emiten	Information
(1)	(2)	(3)	(4)
1	2015	52	Audit delay
2	2016	70	Audit delay
3	2017	10	Audit delay
4	2018	24	Audit delay
5	2019	64	Audit delay
6	2020	52	Audit delay
7	2021	61	Audit delay
8	2022	143	Audit delay

Source: idx.co.id

Financial reporting delays are seen negatively by investors since they typically indicate a company's poor health. The shorter the AD and the faster stakeholders acquire information are directly correlated with the firm's timely release of its audited financial report. This information is valuable for stakeholders to make timely decisions about their interests in the company.

Understanding the factors that cause AD is important for improving audit efficiency and providing investors and regulators with timely and accurate financial reports (Alfraih, 2016; Cao, Chen, & Higgs, 2016; Knechel & Payne, 2001; Wijasari & Wirajaya, 2021). This research tests the impact of four factors on AD: AS, FD, auditor reputation (AR) and the COVID-19 pandemic.

One of the causes of AD is the change of auditors at the firm. The firm may change its auditors to ensure their independence and objectivity in performing their duties. The change of auditors can be due to the expiration of the work contract between the auditor and the firm. AD may result from the recent auditor needing extra time to study the company's features and audit procedures (Chow & Rice, 1982; Dewi & Suputra, 2017). The change of auditors can be either mandatory or voluntary (Wibowo & Rahmawati, 2019). Mandatory substitute auditors are managed by Government Regulation No. 20 of 2015 which states that public accountants can audit a company for up to 5 consecutive years. A voluntary change of auditors can be done by the company's own initiative or by the auditor's resignation or dismissal. Previous studies have found that changing auditors has an impact on AD (Ahmed & Hossain, 2010; Verawati & Wirakusuma, 2016; Wiryakriyana & Widhiyani, 2017).

Financial distress (FD) is another factor that can cause audit delays. FD means that the firm is facing financial problems, crises or unhealthiness that can lead to bankruptcy (Listyaningsih & Cahyono, 2018). FD can affect the quality and timeliness of FR which are important for stakeholders. Previous studies have shown that FD is one of

Nurture: *Volume 18, Issue 2, 508-517,* ***2024***
Online ISSN*: 1994-1633/* ***Print ISSN****: 1994-1625*
DOI*: 10.55951/nurture.v18i2.660* | ***URL****:* www.nurture.org.pk
Publisher: *Nurture Publishing Group*

the main arguments for AD (Lukason & Camacho-Miñano, 2019; Merdekawati & Arsjah, 2011). Companies with FD have a higher audit risk which means that the auditor needs more time to review the accounts and complete the audit (Rochmah & Ghazali, 2012). However, Akhalumeh (2017) found that debt to total assets did not affect AD. Muliantari and Latrini (2017) found that FD had an impact on AD. The reputation of the public accounting firm (PAF) can also influence AD. Relevance information can be seen from the accuracy and reliability of the FR. PAF that have a good reputation is associated with global PAF such as the Big Four. The Big Four PAFs are able to complete audits more quickly than non-Big Four PAFs(Verawati & Wirakusuma, 2016). The skills, abilities and professionalism of the resources in the Big Four PAFs can accelerate the audit process and reduce AD. Verawati and Wirakusuma (2016) confirmed this finding by showing that PAF reputation had a negative effect on AD.

The purpose of the research is to test the influence of changing auditors, FD, PAF reputation and the COVID-19 pandemic on AD. This research was motivated by the inconsistent findings of previous studies on this topic. This study uses the financial firm register on the IDX for 2019 to 2022 as a sample. These firms were selected because they represent the condition of Indonesian companies and contribute to the economic growth of Indonesia.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Agency Theory (AT)

Scott (2015) describes agency theory (AT) as the contractual connection between principals (shareholders) and agents (company or management). AT implies that there may be information asymmetry and potential conflicts between the two parties as they have different interests. Therefore, companies need auditors to check the accuracy of the FR and reduce the information gap so that the FR can be published faster. The agent needs information from the principal to process it and make decisions based on it. AD is an important factor in agency theory as it reflects how long it takes for the auditor to complete the audit work. AD affects the timeliness and usefulness of the financial reports which are the source of information for the principal. If the FR is not submitted on time, it will lose its value and create an information asymmetry between the principal and the agent. Therefore, timeliness is essential for minimizing information asymmetry and ensuring the transparency of the FR to the principal (Niamianti, Sunarsih, & Munidewi, 2021).

2.2. Signaling Theory (ST)

ST is about how management communicates the company's future prospects to potential investors through annual reports. According to Suwardjono (2014), annual reports contain information that shows management's attempt to achieve the holder's goals. This information is a significant indicator for investors and business people to make investment decisions. Investors will interpret and analyze the information they receive from the company and decide whether it is a positive or a negative signal. Signal theory suggests that a company in good condition will send a positive signal to the market while a company in bad condition will send a negative signal. AD is related to signal theory as it affects the timeliness and relevance of the FR which are the source of information for the market. The possibility that the trade will interpret prolonged AD as an adverse sign and an indication of inaccurate FR increases (Eri, 2018).

2.3. Auditor Switching (AS) on Audit Delay (AD)

AS represents a firm's voluntary or required substitute auditor. According to Kadir (1994) and Wijayanti (2010), voluntary AS can be caused by factors from both the auditor's and the client's perspectives. According to the auditor's perspective, these factors may include audit fees, audit tenure and audit delay. According to the client's perspective, these factors may include FD and changes in management. Mandatory auditor switching is required by Indonesian law, specifically regulation of the Indonesian Minister of Finance Number 17/Minister of Finance Regulation.01/2008 on Audit Services. This regulation states that PAF can only audit a client firm for a maximum of 6 consecutive years and public accountants can only audit a client for a maximum of 3 consecutive years. Agency theory emphasizes the importance of independent auditors in evaluating the performance of management on behalf of shareholders (the principal). Auditors can issue an opinion on the fairness of the firm FR which is prepared by management (Habbe, Rasyid, Arif, & Muda, 2019).

H_1: Auditors switching effect on audit delay.

Nurture**: Volume 18, Issue 2, 508-517, **2024
***Online ISSN**: 1994-1633/ **Print ISSN**: 1994-1625*
***DOI**: 10.55951/nurture.v18i2.660* | ***URL**:* www.nurture.org.pk
***Publisher:** Nurture Publishing Group*

2.4. Financial Distress (FD) on Audit Delay (AD)

FD is a shadow of firm financial difficulties in which its operating income is insufficient to meet its obligations. FD is considered bad news for companies and it can lead them to improve their financial reports by delaying the presentation of audited financial statements (Kusuma & Bawono, 2018). A high financial distress ratio is correlated with a longer AD. According to agency theory, a principle chooses an agent to perform functions in an uncertain environment, such as an FD firm and making economic decisions. This condition is induced by diversity in interests among the agent and the principal which can lead to conflict. Agents often make judgment that is not in the best importance of the principal. This is why independent auditors are needed to supervise the company especially when management is motivated to improve its FR which can lead to longer AD. Eldridge, Kwak, Venkatesh, Shi, and Kou (2012) found that FD can be used to predict AS by client companies. Muliantari and Latrini (2017) found that FD has a positive impact on AD. Vuko and Čular (2014) and Sakka and Jarboui (2016) found that there is a positive relationship between debt-to-total assets and AD. Putra, Sutrisno, and Mardiati (2017) found that bankrupt companies with unhealthy financial positions tend to switch to auditors with high independence to increase the company's credibility. Filani and Mangoting (2013); Pratini and Astika (2013); Latifatun (2014); Dwiyanti and Sabeni (2014); Djamalilleil (2015) and Wea and Murdiawati (2015) all found that FD has a significant impact on AS.

H_2: Financial distress effect on audit delay.

2.5. PAF Reputation on Audit Delays

The PAF reputation reflects its achievements and the public's trust in its auditors' expertise. PAFs are classified into two categories: big and non-big PAFs based on their reputation. The big four PAFs are generally considered to have better auditing capabilities than the non-big four PAFs. Ahmad and Kamarudin (2003) found that a PAF's reputation improves if the audit process is quick which reduces the likelihood of audit delays. Wijayanti (2010) noted that firms prefer PAFs with better audit quality to look up the quality of their FR and their own reputation in the view of FR users. Pawitri (2015) found that firms that have used the services of the big four PAFs are less possible to switch PAFs. The size of the PAF, i.e., whether it is a big four PAF or a non-big four PAF can also affect audit quality. Verawati and Wirakusuma (2016) found that the big four PAFs are able to complete audits more quickly and provide going concern opinions more often than the non-big four PAFs. The capabilities, skills and professionalism of the resources available at the big four PAFs allow them to expedite the audit process and reduce the likelihood of audit delays. Verawati and Wirakusuma (2016) also found that audit delays are negatively correlated with PAF reputation. This suggests that the short time required to submit audited financial reports is influenced by the PAF's high reputation which reduces the likelihood of audit delays.

H_3: Reputation PAF has a negative effect on audit delay.

The Indonesian government declared COVID-19 a global pandemic in March 2020 due to its rapid and widespread spread. The pandemic can cause accountants and auditors to delay the release and submission of FR. This is because the increased audit risks require auditors to perform risk assessments which can lengthen the audit process and delay the submission of FR. Restricted access, travel and personnel presence due to health concerns can disrupt auditors' ability to gather sufficient and accurate audit evidence which can also delay the release and submission of FR on time (iapi.or.id). High-quality audits can be completed with additional time but this can cloud reporting deadlines.

The Indonesia Stock Exchange (BEI) relaxed the deadline for submitting FR in response to the COVID-19 pandemic. Wareza (2021) stated that the BEI had identified 30 listed firms or issuers that had not yet submitted FR for the period ending December 31, 2019. These 30 companies would be fined 150 million Indonesian Rupiah (IDR) as a result. The deadline for submitting the final FR for 2019 was March 31, 2020 but the BEI issued Decree of the Directors of Bursa Efek Indonesia No. Kep-00027/BEI/03-2020 on March 20, 2020 relaxing the deadline for submitting the FR and annual reports. This relaxation extended the deadline for companies to fulfil their obligations to April 30, 2020.

H_4: There is a difference in audit delay before and after the COVID-19 pandemic.

3. RESEARCH METHOD

The population of the study is all banking companies listed on the IDX during the 2019-2022 period. The purposive sampling method was used to select the sample. The following criteria were used to select the sample firm:

Nurture**: Volume 18, Issue 2, 508-517, **2024
***Online ISSN**: 1994-1633/ **Print ISSN**: 1994-1625*
***DOI**: 10.55951/nurture.v18i2.660 | **URL**:* www.nurture.org.pk
***Publisher:** Nurture Publishing Group*

1. The firm was listed on the IDX from 2019 to 2022.
2. Firms have data such as total assets, net profit, equity, liabilities and other data.
3. Firms published financial reports accompanied by an independent auditor's report for 2019-2022.

A sample of 176 observations was obtained for the 2019-2022 period based on the sampling results.

The audit delay which is evaluated by the number of days between the company's book closure date (December 31) and the date mentioned in the independent auditor's report is the independent variable in this research. The study's independent variables are as follows: Auditor turnover is calculated using a fake variable. If a company's auditors change, it is classified as 1. Otherwise, it is written as 0. A change in auditor can be detected by comparing the name of the auditor on the current year's audited financial statement to the prior year's statement. The debt-to-assets ratio (DAR) measures financial hardship. PAF reputation is measured by using dummy variables. Firms that use PAF services affiliated with the big four auditors are given the number 1 and not the number 0. The PAFs affiliated with the big four in Indonesia (Sutikno & Hadiprajitno, 2015) are PAF Price Waterhouse Coopers affiliated with PAF Tanudiredja, Wibisana & Partner; PAF KPMG (Klynveld Peat Marwick Goerdeler) affiliated with PAF Siddharta and Widjaja; PAF Ernst & Young, affiliated with PAF Purwantono, Suherman and Surja and PAF Deloitte Touche Tohmatsu affiliated with PAF Osman Bing Satrio. The COVID-19 pandemic is also measured by using dummy variables. Companies in the 2022 period are given the number 1 while companies in the 2021 and 2020 periods are given the number 0. Multiple linear regression analysis techniques are used to determine the effect of AS, FD, PAF reputation and the COVID-19 pandemic on AD.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \quad (1)$$

Where, Y: Audit delay.
α : Constant.
β : Coefficient regression.
X1: Change of auditor.
X2: Financial distress.
X3: PAF reputation.
ε: Standard error.

4. RESULTS AND DISCUSSION

The company overview provides a general description of the company being studied. The population of this study includes all banking firms listed on the IDX for the 2019-2022 period. Purposive sampling is used to collect samples which mean collecting data according to criteria decided by the researcher to produce a representative sample that meets predetermined criteria. The sample includes banking companies that publish audited FR for the 2019-2022 period as of December 31. The sample and population are shown in Table 2.

Table 2. Population and sample.

No.	Noted	Total
1	Population	46
2	Inconsistent listing on the IDX during the 2019-2022 period	(2)
3	Number of samples taken during the observation year	44
4	Number of years of observation	4
5	Number of observations	176

4.1. Descriptive Statistical Test

The number of days between the firm's fiscal year-end (December 31) and the date the audited FR is issued is employed to determine the audit delay. Based on Table 1, descriptive statistics show that the minimum value of AD for the 2019-2022 period is 33 while the maximum value for the entire research sample is 176. Table 3 explains the results of the descriptive statistical analysis.

Nurture**: Volume 18, Issue 2, 508-517, **2024
***Online ISSN**: 1994-1633/ **Print ISSN**: 1994-1625*
***DOI**: 10.55951/nurture.v18i2.660 | **URL**: www.nurture.org.pk*
***Publisher:** Nurture Publishing Group*

Table 3. Results of descriptive statistical analysis.

	N	Minimum	Maximum	Mean	Std.deviation
X1	176	0.00	1.00	0.663	0.600
X2	176	0.082	1.664	0.782	0.453
X3	176	0.00	1.00	0.530	0.688
Y	176	33.00	207.00	89.333	38.920
Valid N (Listwise)	176				

Table 3 shows that AD (Y) has a minimum value of 33,00, a maximum value of 207,00 and a mean value of 89,33. This means that of the 176 firms in the sample, the company with the shortest AD took 33 days while the company with the longest AD took 207 days. The average AD of 89 days is below the 120 days limit set by the Indonesian Financial Services Authority. The standard deviation of 38,920 indicates that there is a variation in the audit delay values compared to the average value. The AS has a minimum value of 0 and a maximum value of 1 since it is measured using a dummy variable. The mean value of AS is greater than the standard deviation indicating that AS (coded as 1) occurred more often in the sample of 176 firms. 110 companies changed auditors while 66 companies did not. The standard deviation of 0.600 indicates that there is variation in the AS values compared to the mean value.The FD has a minimum value of 0.082, a maximum value of 1.664, a mean value of 0.782 and a standard deviation of 0.453.This means that of the 176 companies on the IDX selected as research samples, the company with the lowest financial distress score had a score of 0.082 and the company with the highest FD score had a score of 1.664. The average FD score was 0.782. The standard deviation of 0.453 indicates that there is variation in the FD values compared to the mean value.

The PAF reputation has a minimum value of 0 and a maximum value of 1 since it is measured using a dummy variable. The mean value of the PAF reputation is smaller than the standard deviation indicating that PAF reputation with code 0 occurs more often than not in the sample of 176 companies. 123 companies do not use PA F services affiliated with the big four PAFs while 53 companies do use such services. The standard deviation of 0.688 indicates that there is variation in the PAF reputation scores compared to the mean value.

4.2. The Classic Assumption Test

The classical assumption test is conducted to meet the following requirements: normality, multicollinearity, heteroscedasticity and autocorrelation. The Kolmogorov-Smirnov is used to test the normality of the data. The Kolmogorov-Smirnov test value is 0.411 which is not significant at 0.05 (ρ = 0.411 > 0.05). Therefore, we can conclude that the residuals are normally distributed. The Durbin-Watson test (DW-test) is used to test for auto correlation. The test results show a Durbin-Watson score of 1.992. The D-W score based on a table with n = 176 and k = 3 achieves a lower limit (dl) of 1.7189 and an upper limit (du) of 1.7881. Since du < dw < 1.891, we can conclude that there is no autocorrelation. The tolerance and VIF scores are used to test for multicollinearity. The test results show that the AS, FD and PAF reputation variables all have a tolerance value greater than 0.1 and a VIF score less than 10. Therefore, we can conclude that there is no multicollinearity.

A good regression model is one that has a significance level above the 5% (0.05) confidence level. After testing, all values exceeded α = 0.05 including the significance of auditor change (0.644), financial distress (0.697) and PAF reputation (0.512). This means that heteroscedasticity is not present. Table 4 summarizes the results of the multiple linear regression data processing.

Table 4. Summary of multiple linear regression analysis results.

Model		Unstandardized coefficients		Standardized coefficients		
		B	Std. error	Beta	T	Sig.
1	(Constant)	69.445	9.777	0.803	7.432	0.000
	X1	9.554	7.505	0.234	1.456	0.331
	X2	48.871	14.877	0.441	4.873	0.000
	X3	-15.323	7.302	-0.322	-3.004	0.022
	F count	11.823	$Y = 69.445 + 9.554 X_1 + 48.871 X_2 - 15.323 X_3$			
	Sig. F	0.000				
	R square	0.572				
	Adjust R2	0.401				

Nurture: Volume 18, Issue 2, 508-517, ***2024***
Online ISSN*: 1994-1633/* ***Print ISSN****: 1994-1625*
DOI*: 10.55951/nurture.v18i2.660* | ***URL:*** www.nurture.org.pk
Publisher: *Nurture Publishing Group*

Table 4 shows that the F-score is 11.823 and the corresponding P-value is 0.000 which is less than α = 0.05. This indicates that the model used in this study is appropriate. Table 4 shows the adjusted R-squared value is 0.401. This means that 40.1% of the variation in AD can be explained by the variable's AS, FD and PAFreputation. The remaining 59.9% of the variation is not explained by the model. The regression coefficient for AS is 9.554 with a significance level of 0.331. This is greater than the significance level of α = 0.05 which means that AS does not statistically influence AD. Therefore, H1 is rejected. A firm AS does not affect AD because each independent auditor can provide the best service for their clients and changes in auditors can be made long before the closing year ends. The regression coefficient for FD is 48.871 with a significance level of 0.000 which is less than the significance level of α = 0.05. This means that FD has a significant and positive influence on AD so H2 is accepted. This means that companies with a high FD ratio experience longer AD. FD, as a form of bad news for companies, causes them to make the best efforts to improve their FR so that the audited FR can be presented within a longer timeframe. Meanwhile, the regression coefficient for PAF reputation is -15.323 with a significance level of 0.022 which is less than the significance level of α = 0.05. This means that PAF reputation has a statistically negative influence on AD so H3 is accepted. PAF with a good reputation are affiliated with the big four PAFs. Audits conducted by the big four PAFs are typically completed sooner than audits conducted by the non-big four PAFs (Verawati & Wirakusuma, 2016). This is because the big four PAFs have the resources, skills and expertise to expedite the audit process and reduce audit delays. Additionally, PAFs with a good reputation tend to complete FR on time in order to maintain public trust. Compliance theory supports the findings of this study. This theory states that the better the reputation of the PAF selected to audit the FR, the more experience the PAF has and the better its understanding of applicable regulations. This allows FR to be published in a timely manner which can help companies avoid AD. The results of the study are consistent with previous research conducted by Verawati and Wirakusuma (2016) which found that PAF reputation has a negative effect on AD.

A t-test was conducted to compare the AD during the two periods to determine whether there was a difference in AD before and after the COVID-19 pandemic. The results of the t-test are shown in Table 5.

Table 5. T-test.

Model	Period	N	Mean	Std. deviation	Std. error means
Audit delay	Before the pandemic	92	87.221	35.441	4.221
	Pandemic period	84	102.65	41.766	8.567

Table 5 shows that the mean AD before the COVID-19 pandemic was 87.221 with a standard deviation of 35.441. The mean AD during the COVID-19 pandemic was 102.65 with a standard deviation of 41.766. This means that there was a statistically significant difference in AD before and during COVID-19 with AD being longer during the pandemic. Audit evidence may be obtained prior to the COVID-19 pandemic by auditors meeting with clients to collect data, obtaining confirmation from various client-related individuals following evidence of records to the client's office and meeting with the client's board of directors. However, during the COVID-19 pandemic, auditors had to adapt to remote audits, meeting clients virtually using online meetings and group video calls, asking for confirmation using virtual methods such as email and personal chat applications, tracing evidence of records using desktop applications and holding meetings with the board of directors online.

5. CONCLUSION

The conclusion of this study is that auditor switching all banking firms listed on the IDX for the 2019-2022 period does not affect audit delay. Besides that, financial distress has a positive effect on audit delay meaning that banking companies with a high financial distress ratio experience longer audit delays. PAF reputation has a negative effect on audit delay meaning that banking companies that use the big four PAFs experience shorter audit delays. There is a significant difference in audit delay before and during COVID-19 with audit delays being longer during the pandemic.

One limitation of this study is the low R-2 value which indicates that the model does not explain a large amount of the variation in audit delay. Future research could consider reviewing variables that have no influence on the research and adding other independent variables that can influence audit completion performance in order to get a clearer picture of why AD still occurs in Indonesia. The financial services authority's rules require auditors to submit audit reports on time even in extremely difficult financial times.

Nurture: *Volume 18, Issue 2, 508-517,* ***2024***
Online ISSN: *1994-1633/* ***Print ISSN***: *1994-1625*
DOI: *10.55951/nurture.v18i2.660* | ***URL***: www.nurture.org.pk
Publisher: *Nurture Publishing Group*

FUNDING
This study received no specific financial support.

INSTITUTIONAL REVIEW BOARD STATEMENT
The Ethical Committee of the Universitas Negeri Medan, Indonesia has granted approval for this study (Ref. No. 0546/UN.33.19/LL/2024).

TRANSPARENCY
The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

COMPETING INTERESTS
The authors declare that they have no competing interests.

AUTHORS' CONTRIBUTIONS
All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

ARTICLE HISTORY
Received: 15 December 2023/ Revised: 2 February 2024/ Accepted: 6 March 2024/ Published: 14 March 2024

REFERENCES

Abdulla, J. Y. (1996). The timeliness of Bahraini annual reports. *Advances in International Accounting, 9*(5), 73-88.

Afriyeni, A., & Marlius, D. (2019). Analysis of factors that influence the timeliness of submission of financial reports in companies listed on the Indonesian stock exchange. In (pp. 1–17). Padang Finance and Banking Academy. https://osf.io/preprints/osf/rv4qf; https://doi.org/10.31219/osf.io/rv4qf.

Ahmad, R. A. R., & Kamarudin, K. A. (2003). *Audit delay and the timeliness of corporate reporting: Malaysian evidence*. Paper presented at the Communication Hawaii International Conference on Business. June, University of Hawaii-West Oahu.

Ahmed, A. A. A., & Hossain, S. (2010). Audit report lag: A study of the Bangladeshi listed companies. *ASA University Review, 4*(2), 49-56.

Akhalumeh, P. (2017). *Firm characteristics and audit report delay in Nigeria*. Firm Characteristics and Audit Report Delay in Nigeria: Akhalumeh, PB.

Al Bhoor, A. Y., & Khamees, B. A. (2016). Audit report lag, audit tenure and auditor industry specialization: Empirical evidence from Jordan. *Jordan Journal of Business Administration, 12*(2), 459-479. https://doi.org/10.12816/0033359

Alfraih, M. M. (2016). Corporate governance mechanisms and audit delay in a joint audit regulation. *Journal of Financial Regulation and Compliance, 24*(3), 292-316. https://doi.org/10.1108/jfrc-09-2015-0054

Ashton, R., Willingham, J., & Elliott, R. (1987). An empirical analysis of audit delay. *Journal of Accounting Research, 25*(2), 275-292.

Bana, C. N. (2020). *Factors affecting audit delay in manufacturing companies listed on the Indonesian stock exchange.* Doctoral Dissertation, STIE Perbanas Surabaya.

Banimahd, B., Moradzadehfard, M., & Zeynali, M. (2012). Audit report lag and auditor change: Evidence from Iran. *Journal of Basic and Applied Scientific Research, 2*(12), 12278-12282.

Cao, J., Chen, F., & Higgs, J. L. (2016). Late for a very important date: Financial reporting and audit implications of late 10-K filings. *Review of Accounting Studies, 21*, 633-671. https://doi.org/10.1007/s11142-016-9351-5

Carslaw, C. A., & Kaplan, S. E. (1991). An examination of audit delay: Further evidence from New Zealand. *Accounting and Business Research, 22*(85), 21. https://doi.org/10.1080/00014788.1991.9729414

Che-Ahmad, A., & Abidin, S. (2008). Audit delay of listed companies: A case of Malaysia. *International Business Research, 1*(4), 32-39. https://doi.org/10.5539/ibr.v1n4p32

Chow, C. W., & Rice, S. J. (1982). Qualified audit opinions and auditor switching. *Accounting Review, 57*(2), 326-335.

Darmawan, I. P. Y., & Widhiyani, N. L. S. (2017). The influence of company size, complexity of company operations and audit committee on audit delay. *E-Jurnal Akuntansi, 21*(1), 254-282.

Dewi, G. A. N. P., & Suputra, I. D. G. D. (2017). The influence of operational complexity, contingencies, change of auditor on audit report lag with auditor specialization as moderation. *Accounting E-Journal, 21*, 912–941.

Dewi, S. P., & Jusia. (2013). Factors that influence the timeliness of submission of financial reports in real estate and property companies registered on BEI. *Journal of Accounting, 17*(3), 368–384.

Djamalilleil, S. D. R. (2015). Factors that influence companies to switch public accounting firms (Study of Manufacturing Companies Listed on the IDX in 2010-2012). *Student Online Journal (JOM) in the Field of Economics, 2*(1), 1 -18.

Dwiyanti, R. M. E., & Sabeni, A. (2014). Factors that influence voluntary auditor switching. *Diponegoro Journal of Accounting, 3*(3), 716-723.

Eldridge, S., Kwak, W., Venkatesh, R., Shi, Y., & Kou, G. (2012). Predicting auditor changes with financial distress variables: Discriminant analysis and problems with data mining approaches. *Journal of Applied Business Research, 28*(6), 1357-1372. https://doi.org/10.19030/jabr.v28i6.7349

Elen, P., & Sari, A. N. (2012). Effect of company characteristics on length of time audit completion (Audit Delay) in manufacturing companies listed on the Indonesian stock exchange. *Journal of Accounting and Auditing, 9*(1), 31-42.

Eri, K. (2018). *The influence of solvency, profitability, and audit tenure on audit report lag with KAP reputation as a moderating variable.* 2018 Thesis.

Filani, G., & Mangoting, Y. (2013). Factors that influence the decision of manufacturing companies listed on the BEI in 2008-2012 to change public accounting firms. *Tax & Accounting Review, 3*(2), 83-105.

Habbe, A. H., Rasyid, S., Arif, H., & Muda, I. (2019). Measuring internal auditor's intention to blow the whistle (A Quasi-experiment of internal auditors in the local government). *Business: Theory and Practice, 20*, 224-233. https://doi.org/10.3846/btp.2019.22

Kadir, M. N. (1994). *Factors that influence companies to switch KAP.* Thesis. Gajah Mada University. Yogyakarta.

Knechel, W. R., & Payne, J. L. (2001). Additional evidence on audit report lag. *Auditing: A Journal of Practice & Theory, 20*(1), 137-146. https://doi.org/10.2308/aud.2001.20.1.137

Kusuma, C. B., & Bawono, A. D. B. (2018). *Company size as a moderating variable on the effect of profitability, financial distress, and public ownership on audit report lag (Empirical Study of Manufacturing Companies Listed on the IDX for the 2013-2016 Period)*: Muhammadiyah Surakarta University. http://eprints.ums.ac.id/id/eprint/62165.

Latifatun, N. (2014). *Analysis of factors influencing auditor changes.* Thesis. Diponegoro University: Semarang.

Lie, N. Y. S. (2012). Factors that influence the timeliness of submitting financial reports in mining companies on the IDX for the 2008-2010 period. *Accounting Student Scientific Periodical, 1*(1), 27-32.

Listyaningsih, D. F., & Cahyono, Y. T. (2018). *The influence of company characteristics and financial distress on audit delay (Empirical Study of Manufacturing Companies Listed on the IDX)*. Paper presented at the National Seminar and Call for Paper III Faculty of Economics.

Lukason, O., & Camacho-Miñano, M.-D.-M. (2019). Bankruptcy risk, its financial determinants and reporting delays: Do managers have anything to hide? *Risks, 7*(3), 77. https://doi.org/10.3390/risks7030077

Mathuva, D. M., Tauringana, V., & Owino, F. J. O. (2019). Corporate governance and the timeliness of audited financial statements: The case of Kenyan listed firms. *Journal of Accounting in Emerging Economies, 9*(4), 473-501. https://doi.org/10.1108/jaee-05-2018-0053

Merdekawati, I., & Arsjah, R. J. (2011). Timeliness of financial reporting: An empirical study in Indonesia stock exchange. *The Indonesian Journal of Accounting Research, 14*(3). http://doi.org/10.33312/ijar.243

Modugu, P. K., Eragbhe, E., & Ikhatua, O. J. (2012). Determinants of audit delay in Nigerian companies: Empirical evidence. *Research Journal of Finance and Accounting, 3*(6), 46–54.

Muliantari, N. P. I. A., & Latrini, M. Y. (2017). Company size as a moderating effect of profitability and financial distress on audit delay faculty of economics and business, Udayana University (Unud), Bali, Indonesia faculty of economics and business Universi. *Accounting E-Journal, 20*(3), 1875–1903.

Niamianti, N. W., Sunarsih, N. M., & Munidewi, I. (2021). Analysis of factors affecting audit report lag in manufacturing companies listed on the Indonesian stock exchange 2017-2019. *KARMA (Accounting Student Research Work), 3*(1), 230–241.

Pawitri, M. P. (2015). The influence of audit delay, audit opinion, auditor reputation, and management changes on voluntary auditor switching. *Jurnal Akuntansi dan Bisnis, 10*(1), 214-228.

Pratini, A. G. A., & Astika, I. B. P. (2013). The phenomenon of changing auditors on the Indonesian stock exchange. *Udayana University Accounting E-Journal, 5*(2), 470-482.

Pratiwi, C. I. E., & Wiratmaja, I. D. N. (2018). The influence of audit tenure and operational complexity on audit delay of mining companies on the IDX in 2013-2016. *Accounting E-Journal, 24*, 1964. https://doi.org/10.24843/eja.2018.v24.i03.p12

Putra, R., Sutrisno, T., & Mardiati, E. (2017). Determinant of audit delay: Evidance from public companies in Indonesia. *International Journal of Business and Management Invention, 6*(6), 12–21.

Rochmah, I. S., & Ghazali, M. N. A. (2012). Audit committee effectiveness and timeliness of reporting: Indonesian evidence. *Managerial Auditing Journal, 27*(4), 403-424. https://doi.org/10.1108/02686901211217996

Rusmin, R., & 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

Sakka, F. I., & Jarboui, A. (2016). Audit reports timeliness: Empirical evidence from Tunisia. *Cogent Business & Management, 3*(1), 1195680. https://doi.org/10.1080/23311975.2016.1195680

Scott, W. R. (2015). *Financial accounting theory* (7th ed.). Canada: Pearson Education Limited.

Subekti, I., & Widiyanti, N. W. (2004). *Factors influencing audit delay in Indonesia*. Paper presented at the National Accounting Symposium.

Sutikno, Y. M., & Hadiprajitno, P. B. (2015). Analysis of internal and external factors that influence audit report lag. *Diponegoro Journal of Accounting, 4*(2), 320-328.

Suwardjono. (2014). *Accounting theory, financial reporting engineering* (3rd ed.). Yogyakarta: BPFE.

Syahril, M., & Yeni, N. S. (2019). The influence of government size, audit opinion and incumbent on audit delay in the provincial government in Indonesia. *International Journal of Progressive Sciences and Technologies, 12*(2), 118-126.

Nurture**: Volume 18, Issue 2, 508-517, **2024
***Online ISSN**: 1994-1633/ **Print ISSN**: 1994-1625*
***DOI**: 10.55951/nurture.v18i2.660 | **URL**:* www.nurture.org.pk
***Publisher:** Nurture Publishing Group*

Verawati, N., & Wirakusuma, M. (2016). The effect of auditor change, KAP reputation, audit opinion, and audit committee on audit delay. *E-Jurnal Akuntansi Universitas Udayana, 17*(2), 1083-1111.

Vuko, T., & Čular, M. (2014). Finding determinants of audit delay by pooled OLS regression analysis. *Croatian Operational Research Review, 5*(1), 81-91. https://doi.org/10.17535/crorr.2014.0030

Wareza, M. (2021). *Horrified! It's fun to go into debt to buy shares, what's really wrong?* Retrieved from https://www.cnbcindonesia.com/market/20210120081411-17-217300/ngeri-semarakngutang-beli-saham-apa-yang-salah-sebenarnya

Wea, A. N. S., & Murdiawati, D. (2015). Factors that influence voluntary auditor switching in manufacturing companies. *Journal of Business and Economics, 22*(2), 154–170.

Wibowo, P., & Rahmawati, A. (2019). Reveal voluntary auditor switching determinants in Indonesia: Evidence from financial services sector. *Jurnal Dinamika Akuntansi, 11*(1), 1-14.

Wijasari, L., & Wirajaya, I. (2021). Factors influencing the audit delay phenomenon on the Indonesia stock exchange. *E-Journal of Accounting, 31*(1), 168-181.

Wijayanti, M. P. (2010). *Analysis of auditor-client relationships: Factors that influence auditor switching in Indonesia.* Thesis. Faculty of Economics and Business, Diponegoro University, Semarang.

William, J., Bettner, M., & Carcello, J. (2021). *Financial & managerial accounting* (19th ed.). New York: McGraw-Hill Education.

Wiryakriyana, A. A. G., & Widhiyani, N. L. S. (2017). The influence of company size, leverage, auditor switching, and internal control systems on audit delay. *E-Jurnal Akuntansi Universitas Udayana, 19*(1), 771-798.

Nurture**: Volume 18, Issue 2, 508-517, **2024
***Online ISSN**: 1994-1633/ **Print ISSN**: 1994-1625*
***DOI**: 10.55951/nurture.v18i2.660 | **URL**:* www.nurture.org.pk
***Publisher:** Nurture Publishing Group*