

## The Effect of Financial Distress, Auditor Switching, Audit Committee and Covid-19 Pandemic on Audit Delay

Tanggor Sihombing<sup>1</sup>, Shahnaz Nabiilah Zalfaa Aldanny<sup>2</sup>

Universitas Pelita Harapan, Tangerang, Indonesia

<sup>1</sup> tanggor.sihombing@uph.edu

<sup>2</sup> shahnaznzalfaa@gmail.com

### ABSTRACT

Financial reports are a source of information that can be used for decision-making, so it is necessary to carry out an audit process to assess the fairness or feasibility of presenting the financial statements prepared by the company. This study aims to prove the factors that influence audit delay. The factors tested in this study were financial distress, auditor switching, audit committees, and the COVID-19 pandemic on audit delay. This research was conducted on real estate companies listed on the Indonesia Stock Exchange for the 2018-2021 period. The number of samples in this study was 58 companies using a purposive sampling technique. Data analysis was carried out with classical assumptions and hypothesis testing using the multiple linear regression method with STATA version 17. Based on the results of the analysis it is known that audit delay is not affected by financial distress, auditor switching, and audit committee while audit delay is positively affected by the COVID-19 pandemic.

**Keywords:** audit delay; financial distress; auditor switching; audit committee; COVID-19

### INTRODUCTION

Financial statements are a structured representation of the financial position and financial performance of an entity (Ikatan Akuntan Indonesia (IAI), 2020). Financial reports have an important role for companies, both for parties inside and outside the company. A company's financial statements provide financial information that investors, creditors, and analysts use to evaluate a company's financial performance. To behalf of various parties in accounting information, it is necessary to examine the conformity of accounting records with applicable accounting standards. This inspection method is known as the auditing process, this process is carried out by a public accountant as an independent party.

Registered entities with IDX must submit audited financial reports to the Otoritas Jasa Keuangan (OJK) and publish the company's financial reports to the public. Submission of financial reports according to the limits set by the decision of the board of directors of the Jakarta Stock Exchange Number: Kep307/BEJ/07-2004, concerning Regulation Number 1-E concerning Obligations for Report Submission, namely a maximum of 3 months after the end of the financial reporting year. Furthermore, based on this regulation, the OJK relaxed the deadline for submitting reports to adjust to the emergency conditions due to the Coronavirus in Indonesia according to Press Release 18/DHMS/OJK/III/2020 the Submission of Annual Financial Reports which should have been no later than 30 March was changed to 31 May 2020.

Based on IDX monitoring as of June 29, 2019, there were still 10 entities that had not submitted audited financial statements for the financial year December 31, 2018 (Liputan6,

2019). It was recorded that 26 entities had not submitted annual financial reports for the financial year December 31 2019 and/or for the delay in submitting these financial statements the company had not paid their fines until August 29, 2020. (CNBC Indonesia, 2020). For the audited financial statements for the financial year December 31, 2020, 52 entities had not submitted financial reports as of June 30, 2021 (Stock Setup, 2021). For the audited financial statements for the financial year December 31, 2021, 91 entities had not submitted audited financial statements as of May 9, 2022 (CNBC Indonesia, 2022). Entities that submit their financial statements beyond the stipulated time limit will be subject to sanctions in the form of written warnings, fines to suspensions (temporary suspension of trading in listed company securities) on the Exchange (Indonesia Stock Exchange, 2004).

The speed of time for a company to publish financial statements depends on the length of time an auditor completes his audit and the various factors that influence it. The time interval used by the auditor to be able to complete audited financial reports starting from closing the company's books until an audited financial report is published is referred to as Audit Delay or Audit Report Lag.

## **LITERATURE REVIEW**

### **Agency Theory**

Agency theory is a theory that describes the relationship between two parties, namely the owner (principal) and business manager (agent). According to (Jensen & Meckling, 1976) agency theory explains the agency relationship between the owner and the agent in a contract, in this case, the agent is required to represent the owner in making decisions. Differences in interests between owners and agents will trigger agency problems that lead to information asymmetry.

### **Audit Delay**

According to (Wijasari & Wirajaya, 2021) Audit delay is the period needed to complete an audit which can be calculated from the date and year of closing the book until the date of completion of the independent audit report. The availability of company information that can be used by all parties such as financial position, performance, and cash flow is the goal of financial reports. Financial reports must be published promptly to users when they need them to make decisions because information loses its usefulness if it is not available when it is needed.

### **Financial Distress**

Financial distress is a condition when an entity faces financial difficulties which can be identified from a company's ability to fulfill its debts. Financial distress can be described by situations of bankruptcy, setbacks and the company's inability to pay its obligations. (Khamisah et al., 2021)

### **Auditor Switching**

Auditor Switching is an act of changing the Public Accounting Firm (KAP) and the auditors who carry out the audit. Having regular auditor changes will reduce the possibility of fraud and will detect fraud in the company's financial statements. There is a possibility that the replacement auditor will bypass the fraud that occurred and was not detected by the previous auditor (Widharma & Susilowati, 2020).

POJK No.13/POJK.03/2017 concerning the Use of Public Accountant Services and Public Accounting Firms in Financial Services Activities. The new regulation explains that if a company uses the services of an audit firm, the company needs to change the auditor so that the engagement period is no more than 3 consecutive financial reporting year dates. The company is allowed to involve the same public accountant again if the company does not conduct an audit for 2 consecutive years.

### **Audit Committee**

The audit committee is a committee composed and responsible to the Board of Commissioners to support the Board of Commissioners. Based on the Decree of the Chairman of Bapepam-LK No: KEP-643/BL/2012 and the rules of the Financial Services Authority (OJK) No 55/POJK.04/2015 which explains that entities are required to at least have an audit committee in their company with a minimum of 3 members consisting of Commissioners Independent and external parties with the term of office of the Audit Committee may not exceed the term of office of the Board of Commissioners.

### **Pandemic COVID-19**

The submission of financial statements during the COVID-19 pandemic cannot be separated from audit delays. The grace period for submitting audit reports during the pandemic has become a topic of discussion in Indonesia, through an agreement to change the audit plan with clients resulting in an extension of the deadline for submitting audit reports. And also the increasing cost of KAP infrastructure is contrary to the shrinking economy during the pandemic. (Pasupati & Husain, 2020).

During the COVID-19 pandemic, auditors communicate via email, which is a reliable tool to carry out analytical procedures in gaining a thorough understanding of the company's financial position, this is done to minimize substantive testing that consumes a lot of time. Auditors also tend to rely on evidence obtained from third parties such as customers, suppliers, or banks. (Pasupati & Husain, 2020).

## **HYPOTHESIS DEVELOPMENT**

### **Financial Distress**

The occurrence of financial distress can make the risk faced by the company higher in the future. The higher the risk experienced by the entity will result in the length of the audit process because it requires observation of company risk by the auditor before the audit process is carried out. (Khamisah et al., 2021)

H1: Financial Distress has positive affects Audit Delay

### **Auditor Switching**

If the entity performs Auditor Switching, the new auditor will need time to study the characteristics of the company to the system used by its clients. This will take time to conduct the audit process and may cause a delay in the submission date of the audited financial statements. Based on this description, this study proposes the following hypothesis:

H2: Switching Auditors has positive affect Audit Delay

### Audit Committee

Based on agency theory, the owner (principal) will demand transparency, no errors, and punctuality of the manager (agent). The large number of Audit Committees will indicate that many members are more focused on each department. The audit committee as a supervisor will be responsible for monitoring the design and implementation of audits to investigate audit results to determine internal control capabilities such as monitoring the process of preparing financial statements. A larger size of the audit committee can have a greater likelihood of being able to detect potential risks and resolve problems. Based on this description, this study proposes the following hypothesis:

H3: Audit Committee has negative affects Audit Delay

### Pandemic COVID-19

Research (Pasupati & Husain, 2020) explained that the COVID-19 pandemic had an impact on the audit process and triggered audit delays. When the COVID-19 pandemic raises various risks that must be faced by companies, this can result in delays in submitting financial statements. Increased audit risk will make auditors need to conduct risk assessment, this requires a longer audit time and will result in delays in the publication of financial statements. The Implementation of Community Activity Restrictions (PPKM) hampers the process of collecting audit evidence due to limited access has an impact on the longer the auditor's time in completing the financial statement audit process. Based on this description, this study proposes the following hypothesis:

H4: Pandemic COVID-19 has a positive effect on Audit Delay

## METHODS

### Population, Sample, Data Source

This research uses Properties and Real Estate sector companies listed on the IDX in 2018–2021 as research objects. Data in the study was obtained from the company's audited financial statements through the S&P page. The total study population was 83 companies in the property & real estate sector, using the purposive sampling method, a sample of 58 companies was obtained by predetermined sample criteria. Table 1 shows the criteria and number of observations used in this study:

**Table 1. Criteria sample and number of observations**

No.	Criteria	Total
1.	Companies in the <i>property &amp; real estate sector</i>	83
2.	There are incomplete data in the sub financial statements <i>Properties &amp; Real Estate Sector During 2018-2021</i>	25
3.	Number of Samples	58
4.	Years of Observation	4
5.	Total sample during the observation period	232

## Variable Operasional

### Audit delay

Audit delay also known as Audit Report Lag is an indicator of measurement or difference in time required for the completion of audited financial statements conducted by auditors starting from the date of the year of book closing (December 31) until the date of the independent auditor's report on the financial statements.

Audit Delay = Date of Audit Report – Financial Statement Date

### Financial Distress

Financial distress is a condition when a company is experiencing financial difficulties. In this study, the financial distress variable is calculated by the debt ratio, namely the Debt to Asset Ratio (DAR). The ratio is to calculate the amount of liabilities that can be borne by the assets owned by the company. The formula for calculating the DAR ratio for financial distress can be described as follows:

$$\text{Debt to Assets Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}$$

The high debt-to-assets ratio reflects the company's high financial risk. This high risk indicates the possibility that the company cannot pay off its obligations or debts in the form of principal or interest. High company risk indicates that the company is experiencing financial difficulties. Financial difficulties are bad news that will affect the company's condition in the eyes of the public. Management tends to delay the submission of financial statements containing bad news. (Sayidah & Adiraya, 2018)

### Auditor Switching

Auditor switching this variable is measured using dummy variables, namely by giving a code of 1 for and companies that change auditors and companies that do not change auditors are given the code 0.

### Audit Committee

The audit committee is a committee formed and responsible to the board of commissioners. The main task and responsibility of the audit committee is to ensure that the principles of Good Corporate Governance (GCG), especially disclosure and transparency, are applied and appropriate. The number of audit committees is explained in the Financial Authority Services Regulation (OJK) Number 55/POJK.04/2015 concerning the Establishment and Work Guidelines of the Audit Committee in Article 4 explained that the Audit Committee consists of at least 3 members consisting of the Company's Independent Commissioners and independent external parties. (Siahaan, 2019). Audit committee variables are measured using the number of Audit Committee members in one company.

### Pandemi COVID-19

The COVID-19 pandemic variable is measured using dummy variables, namely by giving code 1 before the COVID-19 pandemic and code 0 during the COVID-19 pandemic.

### Research Empirical Model

The empirical model of research that we used in this study is as follows:

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$$AD_{i,t} = \alpha_{i,t} + \beta_1 DAR_{i,t} + \beta_2 AS_{i,t} + \beta_3 KA_{i,t} + \beta_4 COV_{i,t} + \beta_5 SIZE_{i,t} + \beta_6 AGE_{i,t} + \beta_7 AQ_{i,t} + \beta_8 PROF_{i,t} + e$$

Which:

- AD = Audit Delay
- $\alpha$  = Constant
- $\beta_1, \beta_2, \beta_3, \beta_4$  = Regression Coefficient
- DAR = Financial Distress
- AS = Auditor Switching
- KA = Audit Committee
- COV = COVID-19
- SIZE = Company Size
- AGE = Company Age
- AQ = Audit Quality
- PROF = Profitabilitas
- e = Error Rate

## RESULTS AND DISCUSSION

### Descriptive Statistic

**Table 2. Descriptive Statistical Test Results**

Variable	Obs	Mean	Std. dev.	Min	Max
AD	232	0.2758621	0.447914	0	1
DAR	232	0.3611293	0.2121	0.003	1.108
AS	232	0.4439655	0.4979245	0	1
AC	232	3.008621	0.3084857	1	4
COV	232	0.75	0.4339489	0	1
SIZE	232	6.527112	0.7112393	4.84	7.79
AGE	232	26.74466	12.43384	0.83	50.49
BIG4	232	0.1551724	0.3628518	0	1

Source: Data results processed by STATA

Based on table 2 of the descriptive statistical test results above, it can be known how much the min, max, mean, and standard deviation values for financial distress variables, switching auditors, audit committees, the COVID-19 pandemic and audit delays from a total sample of 4 years of research observations as many as 85 from 58 companies.

The results of the frequency distribution of audit delay variables during 2018-2021, that companies are more for no audit delay than audit delay. Calculated from 232 samples, 168 companies were not the slowest to submit their financial statements with a percentage of 72% and the rest were as many as 64 companies that were late in submitting their financial statements with a percentage of 28%. On the other hand, the analysis of the mean value for

the audit delay variable shows 0.275 and a standard deviation of 0.447 which means that this variable has a low distribution and fluctuation because the mean value is smaller than the standard deviation value ( $0.275 < 0.447$ ).

Financial distress is an unhealthy or unstable company's financial condition that leads to bankruptcy. Based on Table 4.4 of the descriptive statistical test results above, shows the minimum value of the financial distress variable which is 0.003 from PT Charnic Capital Tbk (NICK) in 2021. The maximum value in the financial distress variable is 1,108, namely from PT Binakarya Jaya Abadi Tbk (BIKA), which means that this company is categorized as a healthy company in 2020. The mean in the analysis is 0.361 and the standard deviation is 0.212 which means this is a good representation of the overall average of the data because the average value is greater than the standard deviation value ( $0.361 > 0.212$ ).

The frequency distribution of switching auditor variables that display data during 2018-2021, that companies are more likely not to switch auditors than to switch auditors. Counting from 232 samples, 129 companies did not conduct switching auditors with a percentage of 56%, and the remaining 103 companies that carried out switching auditors with a percentage of 44%. The mean according to table 4.5 for the switching auditor variable is 0.44 with a standard deviation value of 0.498. This means that the switching auditor variable has a low distribution and fluctuation because the mean value is smaller than the standard deviation value ( $0.44 < 0.498$ ).

The Audit Committee shows how many audit committees are in a company. Based on Table 4.4 of the descriptive statistical test results above, shows that the minimum value of the company size variable is 1 from PT Bekasi Asri Beginner Tbk (BAPA) with an audit committee serving which is 1 person in 2018. Meanwhile, the maximum value of variable company size is 4 from PT Bekasi Asri Beginner Tbk (BAPA), PT Dafam Property Indonesia Tbk (DFAM), and others with a total of 4 audit committees. The mean in the analysis shows 3 and a standard deviation of 0.308 which means this is a good representation of the overall average of the data because the average value is greater than the standard deviation value ( $3 > 0.308$ ).

Some companies are not affected by the COVID-19 pandemic, especially companies for the 2018-2019 period, totaling 116 companies. This is due to the Presidential Decree of the Republic of Indonesia Number 12 of 2020 concerning the Determination of Non-Natural Disasters for the Spread of Corona Virus Disease 2019 (COVID-19) as a National Disaster on April 13, 2020, so that for the 2020 period companies were declared affected by the COVID-19 pandemic according to data, there were 116 companies. In accordance with Table 4.4, the mean for the COVID-19 pandemic variable is 0.75 with a standard deviation value of 0.433. Thus, the COVID-19 pandemic variable has a low distribution and fluctuation because the mean value is smaller than the standard deviation value ( $0.75 < 0.433$ ).

## **Correlation Test**

**Table 3. Correlation Analysis Results**

<b>Variabel</b>	<b>AD</b>	<b>DAR</b>	<b>AS</b>	<b>AC</b>	<b>COV</b>
AD	1				
DAR	0.0451	1			

AS	-0.0469	-0.0481	1		
AC	0.0335	0.1942*	0.0109	1	
COV	0.1782*	0.02	0.1152*	0.035	1
SIZE	-0.0335	0.2981*	0.0335	0.0995	0.0211
AGE	-0.2122*	-0.0408	0.0702	-0.0668	0.0708
BIG4	0.0018	-0.0301	0.0004	-0.0194	0
*Significant at 10%					

Source: Processed data results.

Correlation analysis in this study uses the Pearson correlation test which aims to measure the strength of the linear relationship between two variables. Based on Table 3 above, it can be seen that at a significance level of 0.10, the dependent variable audit delay (AD) has a positive correlation with the independent variables financial distress (DAR), Audit Committee (AC) and COVID-19 (COV) and has a negative correlation with the independent variable Auditor Switching (AS). However, the correlation between audit delay (DELAY) and financial distress (DAR) of 0.0451 shows a very weak correlation, as well as the correlation with Auditor Switching (AS) of only 0.0469 which means very weak and the correlation with the Audit Committee (AC) which shows 0.0335 which means very weak. Table 3 above shows that the correlation relationship between audit delay (AD) and COVID-19 (COV) variables has a very weak correlation.

### Test the hypothesis

**Table 4. Test Results of Coefficient of Determination (R2)**

Number of obs	232
F(7, 224)	3.05
Prob > F	0.0044
R-squared	0.0873
Adj R-squared	0.0587
Root MSE	0.43516

Source: The results of the data are processed by the Researcher

Based on Table 4 of the coefficient of determination (R2) test results above, the R-Square number displays a value of 0.1131. This means that audit delay can be influenced by independent variables, namely financial distress, auditor switching, audit committee, and the COVID-19 pandemic with a value of 8.73%. The remaining 91.27% is explained by other independent variables that are not mentioned in this study such as KAP reputation, audit opinion, type of industry, complexity of company operations, audit fees, or good corporate governance.

In Table 4 above, the prob>F result of 0.0044 is obtained which is smaller than the  $\alpha$  value of 0.05. That way, it can be concluded that the variable value of financial distress, switching auditors, audit committees, and COVID-19 pandemics can affect audit delay.

The Partial Test was conducted to find out the effect of each independent variable on the



dependent variable in the research regression model. The t-test is determined by taking into account the ratio of significant values, namely 5% or 0.05. If the significance value is less than 5%, then partially the independent variable has a significant influence on the dependent variable. The partial test results (T-test) include:

**Table 5. Partial Test Results (T)**

Variable	Coefficient	Std. err.	t	P> t
dar	0.0340574	0.0987689	0.34	0.731
as	-0.0483976	0.058179	-0.83	0.406
ac	0.0103969	0.1074853	0.1	0.923
cov	0.2040981	0.0670329	3.04	0.003

Source: Data results processed by STATA.

Based on Table 5 of partial test results (T-test) above, the first hypothesis for financial distress (DAR), the p-value of the financial distress variable shows a value of 0.731. This value is greater than the significance value of 0.05 ( $0.731 > 0.05$ ). From these data, it can be concluded that H0 is accepted and Ha is rejected, namely the absence of a significant effect of financial distress on audit delay.

Auditor switching as the second variable, namely AS, is indicated by a p-value of 0.406. The value is also greater than the significance value of 0.05 ( $0.406 > 0.05$ ). So it can be concluded that H0 is accepted and Ha is rejected, that is, there is no significant effect of switching auditors on audit delay.

The Audit Committee is the third variable, namely KA, the p-value of this variable shows a value of 0.923, this value is greater than the significance value of 0.05 ( $0.923 > 0.05$ ). Therefore, from these data, it can be concluded that H0 is accepted and Ha is rejected, namely the absence of significant influence from the audit committee on audit delay.

The COVID-19 pandemic is the fourth variable, namely COV, the p-value of the COVID-19 variable shows a value of 0.003 which is smaller than the signification value of 0.05 ( $0.003 < 0.05$ ). This explains that H0 was rejected and Ha was accepted, which is a significant effect of the COVID-19 pandemic on audit delay.

## Regression Model Test

**Table 6. Multiple Linear Regression Analysis Results**

Variable	Coefficient	Std. err.	t	P> t
DAR	0.0579838	0.0408129	1.42	0.157
AS	0.0084793	0.0166342	0.51	0.611
KA	0.0052224	0.0275375	0.19	0.85
COV	0.0674969	0.0166004	4.07	0
SIZE	-2.28E-07	2.73E-07	-0.84	0.404
AGE	-0.0017835	0.0007137	-2.5	0.013

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BIG4	7.979445	8.503085	0.94	0.349
_cons	108.5743	31.00544	3.5	0.001

Source: Data results processed by STATA

From table 6 of the results of multiple linear regression analysis above, the multiple linear regression equation can be described as follows:

$$AD = 108,5743 + 0.0340574DAR_i - 0.0483976AS_i + 0.0103969AC_i + 0.2040981COV_i + e$$

Information:

AD = Audit Delay

DAR = Financial Distress

AS = Auditor Switching

KA = Audit Committee

COV = Pandemic COVID-19

The constant value (a) is 108.5743 which means that if the independent variables, namely financial distress, switching auditors, audit committees, and the COVID-19 pandemic, are constant zero (0), then the value of the dependent variable or audit delay is 108.5743. Thus, this figure shows that the effect of financial distress, auditor switching, audit committee, and the COVID-19 pandemic on audit delay will increase by 108.5743.

The regression coefficient in X1 is financial distress of 0.0340574. This means that every time there is an increase in financial distress by 1 (one) unit, the audit delay will decrease by 0.0340574 units assuming other independent variables are fixed. Based on the equation above, the coefficient X1 has a positive value, meaning that there is a unidirectional relationship between financial distress and audit delay. The greater the value of financial distress, the greater the possibility of audit delay, and vice versa the smaller the value of financial distress, the smaller the possibility of audit delay.

The regression coefficient at X2 is that of switching auditors of 0.008. This coefficient means that every time there is an increase in switching auditors by 1 unit, the audit delay will decrease by 0.048 units assuming other independent variables are fixed. Based on the equation above, the coefficient X2 displays a negative value, meaning that there is an opposite relationship between the switching auditor and the audit delay. The more often a company conducts auditor switching, the lower the value of audit delay, and vice versa, if the company does not do auditor switching too often, the greater the value of audit delay.

The regression coefficient in X2 is the audit committee of 0.0103. This means that every time there is an increase in the audit committee by 1 unit, the audit delay will decrease by 0.0103 units assuming other independent variables have a fixed value. Based on the equation above, the X3 coefficient shows a positive value, meaning that there is a unidirectional relationship between the audit committee and audit delay. The larger the audit committee, the greater the value of the audit delay, and vice versa, the smaller the audit committee, the smaller the value of the audit delay.

The regression coefficient in X4, namely the COVID-19 pandemic, is 0.204. This means that when the COVID-19 pandemic increases by 1 unit, the audit delay will decrease by 0.204 units assuming other independent variables are fixed. Based on the equation above, the X4 coefficient is positive, meaning that there is a one-way relationship between the

COVID-19 pandemic and audit delay. When the COVID-19 pandemic occurs, the audit delay value will be high, and vice versa when there is no COVID-19 pandemic, the audit delay value will be low.

### **The Effect of Financial Distress on Audit Delay**

Based on the results of the examination described above, for the first hypothesis, namely the financial distress variable, the significance value of the financial distress variable obtained a value of 0.731 where the value is greater than the significance level of 0.05, which is  $0.731 > 0.05$ , this can happen because the total companies that are categorized as vulnerable almost dominate than healthy companies so it can be concluded that  $H_0$  is accepted and  $H_a$  is rejected, This shows that financial distress does not influence audit delay.

The company's ability to pay all its debts did not affect the audit delay. This is because the auditor's work standards that have been regulated in SPAP state that the implementation of audit procedures for companies that have large total debts with a large number of debtholders or companies with small debts and a small number of debtholders will not affect the process of completing financial statement audits because the appointed auditor must have provided time according to the needs to complete the debt auditing process.

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### **The Effect of Switching Auditors on Audit Delay**

Based on the results of the test above, for the second hypothesis, namely the switching auditor variable, the significance value of the switching auditor variable was obtained at 0.406 where the value was above the significance level of 0.05, which is  $0.406 > 0.05$ , this is because the number of companies that do and do not do switching auditors is almost balanced. So it can be concluded that  $H_0$  is accepted and  $H_a$  is rejected, this shows that switching auditors does not affect audit delay.

The available data shows that the level of audit delay is still within the predetermined time limit, meaning that in accordance with Audit Standards Section 315 PSA No. 16 concerning Communication Between Predecessor Auditors and Substitute Auditors supports this statement where it is expected to convey information related to an entity and financial statements from the previous auditor to the new auditor both within the same scope of the Public Accounting Firm and from different Public Accountant Firms. Also, the efforts carried out by the new auditor can support the submission of the company's audit report before the specified deadline. This is also carried out to maintain the good name and reputation of KAP to carry out financial statement audit services by increasing client trust and streamlining the ongoing audit process.

This research is in line with previous research by Siahaan et al. (2019), Wijasari & Wirajaya (2021), and Indrayani & Wiratmaja (2021). However, it is different from the results of previous research conducted by Putra & Wilopo (2017), and Tunggal & Lusmeida (2019) which stated that switching auditors has an effect on audit delay.

### **The Effect of Audit Committee on Audit Delay**

Based on the results of the examination above, for the third hypothesis, namely the audit committee variable, a significant value of company size was obtained at 0.923 where the value was below the significance level of 0.05, which was  $0.923 < 0.05$  so that it could be concluded that  $H_0$  was accepted and  $H_a$  was rejected.

The audit committee is responsible for overseeing the composition of the report but does not actively prepare the audit report, it can be concluded that the length of the audit period until the date of issuance of the audit report is not influenced by the number of Audit Committees. Although there are many members in the Audit Committee, it does not guarantee timely completion of audit reports because the role of the Audit Committee is only limited to internal supervision and control in handling various issues.

The results of this study are in line with the research of Putri et al. (2021), Eksandy (2017) and Saragih (2018). However, in contrast to Haryani's (20114) research which states that the audit committee has an effect on audit delay.

### **The Effect of COVID-19 on Audit Delay**

Based on the test results above, in the fourth hypothesis, namely the COVID-19 pandemic variable, the significance value of the COVID-19 pandemic variable was obtained at 0.003, the value displayed a value smaller than the significance level of 0.05, namely  $0.003 < 0.05$ , so it can be concluded that  $H_0$  is rejected and  $H_1$  is accepted, this shows that the COVID-19 pandemic has an effect on audit delay. Judging from the partial test results for positive COVID-19 variables and multiple linear analysis regression results for COVID-19 variable coefficients are also positive, this shows a positive and significant influence of COVID-19 on audit delay.

The emergence of the COVID-19 pandemic and the imposition of restrictions on community activities (PPKM) made limited meeting space between auditors and clients face-to-face, this condition gave rise to a new audit system in the form of conducting remote audits. The process of adapting to the new work system makes the audit process require a longer time. With the transition from a normal situation to a situation that is experiencing a pandemic, auditors need to try and adjust to the conditions that occur in carrying out the financial statement audit process but still pay attention to the validity and validity of evidence and information that will support the audit process.

The results of this study are in line with previous research conducted by Wijasari & Wirajaya (2021) and Sumarni et al. (2022) which stated that the COVID pandemic influenced audit delay.

## **CONCLUSION**

This study aims to prove the effect of financial distress, switching auditors, audit committees, and the COVID-19 pandemic on audit delay. The population studied in this study is property & real estate sector companies listed on the IDX for the 2018-2021 period. The data used in this study is secondary data collected from the S&P Capital IQ website through [www.capitaliq.com](http://www.capitaliq.com) and also the official website of each property & real estate company. Based on the results of hypothesis testing and data analysis that has been carried out, the following conclusions are obtained:

1. Financial distress calculated using the financial debt-to-asset ratio (DAR) proved to have no effect on audit delay. This proves that the company's ability to pay all its debts does not affect the audit delay, because the auditor will carry out the preparation of audit procedures in accordance with the problems faced by the company.
2. Switching auditors proxied with the frequency of auditor turnover during the 2018-2021 period does not influence audit delay. This explains that the low frequency of auditor turnover will not cause the audit delay to be longer, because of the auditor's efforts to maintain the reputation of his KAP, the auditor will maximize the audit process so that it can be completed quickly and precisely.
3. The Audit Committee proxied by the proportion of the audit committee does not influence the audit delay. This explains that the number of committees in an entity will not affect the audit delay. The audit committee does not prepare audit reports actively because the audit committee is only responsible for supervising the preparation of reports so delays in the issuance of audit financial statements are not influenced by the audit committee.
4. The COVID-19 pandemic is indicated by a significance value of 0.00 ( $0.00 < 0.05$ ), this shows that COVID-19 has an influence on audit delay. There are differences in the way of working before the onset of COVID-19 and during the COVID-19 period, namely the remote work system. This makes auditors need to adapt and rely on audit evidence collected from external parties.

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