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DETERMINANTS OF AUDIT DELAY: THE ROLE OF KEY AUDIT MATTERS, AUDIT COMMITTEE MEETING FREQUENCY, PRIOR-YEAR AUDIT OPINION, AND PUBLIC ACCOUNTING FIRM REPUTATION

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Abstract

This study analyzes the effects of key audit matters (KAMs), audit committee meeting frequency, prior-year audit opinion, and public accounting firm reputation on audit delay among public companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2023 period. This study is motivated by the persistence of financial reporting delays despite supervision by the Financial Services Authority (OJK) and inconsistencies in prior research findings. Data were collected from annual reports and audited financial statements using a purposive sampling method and analyzed using Partial Least Squares (PLS) with WarpPLS. The results show that KAMs have a significant effect on audit delay, indicating that greater complexity and a higher number of KAMs extend audit completion time. In contrast, audit committee meeting frequency and public accounting firm reputation have no significant effect on audit delay. Meanwhile, prior-year audit opinion significantly affects audit delay, where companies receiving an unqualified opinion tend to complete audits more quickly due to lower audit risk.

Keywords: *Audit Delay, Key Audit Matters, Audit Committee Meeting Frequency, Prior-Year Audit Opinion, Public Accounting Firm Reputation*

Abstrak

Penelitian ini menganalisis pengaruh *key audit matters* (KAM), frekuensi rapat komite audit, opini audit tahun sebelumnya, dan reputasi Kantor Akuntan Publik terhadap *audit delay* pada perusahaan publik di Bursa Efek Indonesia (BEI) periode 2022–2023. Penelitian ini dilatarbelakangi oleh masih terjadinya keterlambatan pelaporan keuangan meskipun telah diawasi oleh Otoritas Jasa Keuangan (OJK) serta ketidakkonsistenan hasil penelitian sebelumnya. Data diperoleh dari laporan tahunan dan laporan keuangan auditan menggunakan metode *purposive sampling* dan dianalisis dengan *Partial Least Squares* (PLS) menggunakan WarpPLS. Hasil penelitian menunjukkan bahwa KAM berpengaruh signifikan terhadap *audit delay*, yang menandakan bahwa peningkatan kompleksitas dan jumlah KAM memperpanjang waktu penyelesaian audit. Sebaliknya, frekuensi rapat komite audit dan reputasi Kantor Akuntan Publik tidak berpengaruh signifikan terhadap *audit delay*. Sementara itu, opini audit tahun sebelumnya berpengaruh signifikan terhadap *audit delay*, di mana perusahaan dengan opini wajar tanpa modifikasian cenderung menyelesaikan audit lebih cepat karena risiko audit yang lebih rendah.

Kata kunci: *Audit Delay, Key Audit Matters, Frekuensi Rapat Komite Audit, Opini Audit Tahun Sebelumnya, Reputasi Kantor Akuntan Publik*

INTRODUCTION

Financial statements essentially serve as a medium for communicating information about a company's financial condition, which can form the basis for users' decision-making (Kumaunang



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et al., 2024). The users of financial statements include company owners, creditors, financial institutions, investors, government agencies, the general public, and others (Tamaya & Satiman, 2024). To be useful for decision-making purposes, financial statements must possess the characteristics of reliability, comparability, and relevance.

The reliability of financial information is a crucial component for understanding the true condition of an organization. Comparability refers to the extent to which financial statements can be consistently compared over time. Financial statements must also be relevant to provide information that is useful for decision-making (Pratama & Lusiani, 2024).

To ensure reliability, comparability, and relevance, the role of external auditors is essential in examining financial statements. Auditors verify the accuracy of the financial statements, thereby facilitating effective communication between agents and principals. In conducting audits, auditors are required to adhere to professional standards for public accountants established and approved by the Indonesian Institute of Certified Public Accountants (IAPI).

Auditors must fulfill their obligations and responsibilities by reporting audit results in a timely manner. The timeliness of audited financial statement submissions can influence the perceived value of those reports. The length of time required to complete the audit process measured from the company's fiscal year-end to the issuance date of the audit report is referred to as audit delay (Kumaunang et al., 2024). Delays in reporting financial information can reduce investor confidence and ultimately affect stock prices in the capital market. Investors often perceive delays in financial reporting as a negative signal regarding a company's condition.

According to the Financial Services Authority (OJK) Regulation No. 14/POJK.04/2022 and the Indonesia Stock Exchange (IDX) Director's Decree No. Kep-00015/BEI/01-2021, audited annual financial statements must be submitted no later than the end of the third month after the fiscal year-end. The audit must be conducted by a certified public accountant registered with the OJK. Companies that fail to meet the deadline are subject to fines in accordance with OJK regulations.

Despite the strict deadlines established by the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX), many companies continue to experience delays in submitting their audited financial statements each year. Based on data obtained from the official IDX website, the following graph presents the number of companies that were late in submitting their audited financial statements during the period 2019–2023.



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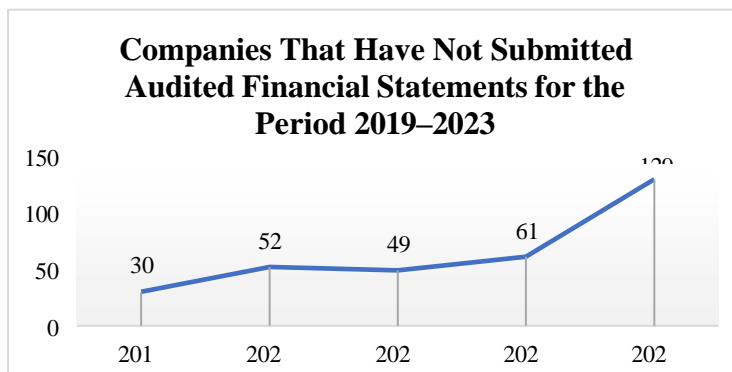


Figure 1. Number of Companies Delayed in Submitting Audited Financial Statements, 2019–2023

Based on the data above, as of 30 July 2020, there were 30 listed companies that had not yet submitted their audited financial statements for the year ended 31 December 2019, and were therefore subject to a third written warning and a fine of IDR 150,000,000. As of 30 June 2021, there were 52 listed companies that had not submitted their audited financial statements for the year ended 31 December 2020, and they were given a second written warning and a fine of IDR 50,000,000. As of 29 June 2022, there were 49 listed companies that had not submitted their audited financial statements for the year ended 31 December 2021, and they were subject to a third written warning and a fine of IDR 150,000,000. On 2 May 2023, there were 61 listed companies that had not submitted their audited financial statements for the year ended 31 December 2022, and they were given a second written warning and a fine of IDR 50,000,000. Finally, as of 1 April 2024, there were 129 listed companies that had not submitted their audited financial statements for the year ended 31 December 2023, for which the stock exchange announced that it would issue a first written warning (<https://www.idx.co.id>).

The delays in the submission of audited financial statements for the 2022–2023 period across all sectors of listed companies on the Indonesia Stock Exchange are presented in the following figure

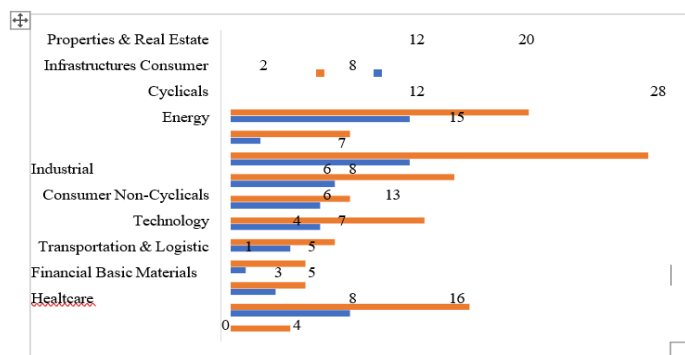


Figure 2. List of Sectors Delayed in Submitting Audited Financial Statements, 2022–2023



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The data indicate that each year there are still companies that experience delays in submitting their audited financial statements, and some of them repeatedly fail to meet the reporting deadlines. This phenomenon highlights that compliance with financial reporting timelines remains a critical issue in corporate reporting practices. Such delays have the potential to undermine investor confidence, influence economic decision-making, affect stock prices in the capital market, and lead to sanctions imposed by capital market authorities.

This condition emphasizes the crucial role of auditing in ensuring the reliability and transparency of a company's financial information. The audit report not only provides an opinion on the fairness of the financial statements but also serves as a communication tool between auditors and stakeholders. Therefore, the transparency of audit results has received increasing attention in line with growing market and regulatory demands for higher-quality financial reporting. Various factors may influence audit delay within a company, including key audit matters, the frequency of audit committee meetings, the prior-year audit opinion, and the reputation of the public accounting firm.

Key audit matters (KAMs) represent significant issues identified by auditors during the audit process that must be communicated to management and disclosed in the audit report (Pratama & Lusiani, 2024). From the perspective of financial statement relevance, the timely disclosure of significant information assists stakeholders in making well-informed decisions. Moreover, the disclosure of key audit matters enhances the transparency of financial reporting by providing clearer insights into material issues faced by the company, thereby improving the informativeness and credibility of financial statements presented to the public.

These significant issues are essential for stakeholders to understand; thus, by disclosing key audit matters, auditors are encouraged to complete their work promptly so that stakeholders can quickly obtain information about critical findings identified during the audit, potentially reducing audit delay. However, the disclosure of key audit matters may also drive auditors to conduct more meticulous planning of the audit process, including engagement team selection and the use of appropriate audit technologies. This increased level of scrutiny and complexity may, in turn, extend the time required to complete the audit report.

Pratama and Lusiani (2024) found that key audit matters have a significant negative effect on audit delay; the greater the number of disclosed key audit matters, the shorter the audit delay. This



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occurs because when more significant issues arise, they must be promptly communicated to management and stakeholders. However, a study conducted by Kumaunang et al. (2024) produced different findings, indicating that the disclosure of key audit matters in the audit report does not have a significant effect on the length of the audit process.

In addition to the disclosure of key audit matters, the frequency of audit committee meetings is also suspected to influence audit delay. The frequency of audit committee meetings reflects the level of the committee's activeness in performing its oversight function. Audit committee meetings are held to discuss and evaluate issues related to financial reporting and the company's audit process (Dzulkifli & Dewayanto, 2022). The committee's activeness indicates the extent of coordination, evaluation, and supervision conducted over management performance and the preparation of financial statements.

Research by Shinta and Satyawan (2021) found that the frequency of audit committee meetings affects audit delay. The more frequently the audit committee holds meetings, the greater its oversight function on financial reporting, thereby influencing audit delay. An active audit committee engages more intensively in coordination to discuss solutions and issues within the company, enabling it to detect and prevent misleading statements that could harm the principal. This, in turn, helps external auditors improve the efficiency of completing audit reports, allowing the audit process to be completed more quickly. These findings are consistent with Dzulkifli and Dewayanto (2022), who stated that an increase in audit committee meetings provides greater opportunities for committee members to effectively monitor the audit process, which ultimately reduces audit delay.

Conversely, Fakri and Taqwa (2019) found that the frequency of audit committee meetings has no significant effect on audit delay. This implies that the number of meetings held by the audit committee does not necessarily reduce audit delay. The committee's oversight role in the company's financial reporting process cannot be determined solely by the number of meetings held. It is possible that during meetings, the audit committee may fail to effectively utilize the opportunities to address issues encountered in the preparation of financial statements. This finding is consistent with Siahaan et al. (2019), who emphasized that the effectiveness of oversight depends not only on the frequency of meetings but also on the quality and substance of the discussions held.

The next variable suspected to influence audit delay is the prior-year audit opinion. The prior-year audit opinion represents the auditor's judgment regarding the company's financial statements



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for the previous reporting period (Wirnawati et al., 2023). A more favorable audit opinion in the previous year indicates higher financial reporting quality. Conversely, if the prior audit opinion was less favorable, the auditor may need to conduct additional examination and verification of supporting evidence in the current year's audit, which could affect the duration of the audit process.

Zahrani et al. (2023) found that the prior-year audit opinion has a significant effect on audit delay. Companies that received an unqualified opinion in the previous year tend to be more punctual in submitting their financial statements. The better the prior-year audit opinion, the shorter the audit delay observed. In contrast, Wirnawati et al. (2023) reported that the prior-year audit opinion does not significantly affect audit delay. According to their findings, whether the audit opinion received by a company in the previous period is favorable or not does not influence the audit delay in the subsequent period, as auditors are required to maintain professional independence and objectivity. Therefore, the audit opinion issued in the previous year does not determine the time needed to complete the audit in the current year.

The Final variable presumed to affect the timeliness of audited financial statement submissions is the reputation of the Public Accounting Firm (PAF) that conducts the audit. The reputation of a PAF reflects the level of credibility, integrity, and audit quality produced by its auditors. Highly reputable firms such as those belonging to the Big Four generally possess experienced human resources, strong audit quality control systems, and rigorous audit standards. Consequently, companies engaging reputable PAFs are assumed to obtain more reliable audit results, completed within a relatively shorter timeframe.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The disclosure of Key Audit Matters (KAMs) in the audit report has a direct consequence on the length of audit completion time, or audit delay. KAMs represent the most significant issues that require special attention from auditors due to their high level of risk, the complexity of transactions, or the substantial involvement of management estimates. Therefore, the presence of KAMs may influence the duration of audit delay. The disclosure of key audit matters constitutes a reform in audit reporting standards that emphasizes the importance of information transparency for stakeholders. Under this regulation, auditors are required not only to express an opinion on the fairness of the financial statements but also to disclose significant issues encountered during the audit process.



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Accordingly, auditors have the responsibility to identify and evaluate significant matters that may affect users' decision-making. The disclosure of key audit matters provides auditors with a means to deliver a more comprehensive picture of high-risk areas, those requiring complex professional judgment, or those involving substantial management estimates.

Based on agency theory, the disclosure of key audit matters enhances transparency and helps mitigate conflicts of interest between management (agent) and shareholders (principal) (Pratama & Lusiani, 2024). Management generally possesses more information than shareholders. In this situation, an independent auditor acts as a third party to reduce information asymmetry. The disclosure of key audit matters plays a crucial role, as it enables auditors to communicate significant issues encountered during the audit, allowing shareholders to access information that was previously known only to management.

However, the disclosure of key audit matters can extend audit duration, as auditors must perform additional procedures and carefully prepare appropriate disclosures, which may lead to audit delay. Auditors need more time to evaluate and document each key audit matter adequately. Moreover, when the number of significant issues is high or the entity is complex, the audit process may take even longer.

Pratama and Lusiani (2024) found that key audit matters significantly affect audit delay. The greater the number of KAM disclosures, the shorter the audit delay. This occurs because when more issues arise, they must be promptly communicated to management and stakeholders. The disclosure of key audit matters encourages auditors to engage in more systematic and structured audit planning, allowing significant issues to be identified early in the engagement. This, in turn, enables the audit process to run more effectively and efficiently. Furthermore, since auditors are required to disclose KAMs in the audit report, public accounting firms tend to assign more experienced auditors to handle complex audits. Experienced auditors are generally more efficient in completing audit work, thereby reducing audit delay.

Based on the discussion above, the following hypothesis is proposed:

H1: Key Audit Matters have a effect on Audit Delay.

The Effect of Audit Committee Meeting Frequency on Audit Delay

Results of this study are consistent with the findings of Shinta and Satyawati (2021), who demonstrated that the frequency of audit committee meetings has an effect on audit delay. The more



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active the audit committee is in holding meetings, the stronger its supervisory function over financial reporting, thereby influencing the length of time required by auditors to complete the company's audit. An audit committee that meets more frequently engages in more intensive coordination to discuss solutions and address issues faced by the company, allowing it to detect and prevent misleading statements that could harm the principal. This, in turn, assists external auditors in improving efficiency in completing the audit report, ultimately affecting audit delay.

This finding is further supported by Dzul kifli and Dewayanto (2022), who revealed that the implementation of audit committee meetings provides effective opportunities and advantages in resolving issues that arise during the preparation of financial statements.

Based on the discussion above, the following hypothesis is proposed:

H2: Audit Committee Meeting Frequency has a effect on Audit Delay.

The Effect of Prior-Year Audit Opinion on Audit Delay

The prior-year audit opinion represents the auditor's judgment regarding the company's financial statements in the previous period, which can serve as an initial indicator for auditors in assessing the audit risk of the current year (Wirnawati et al., 2023). If the prior-year opinion is other than an unqualified opinion, auditors may assume a higher level of material risk, thereby requiring additional audit procedures. This situation can have implications for the length of time needed to complete the audit in the current period.

Companies that receive a qualified opinion tend to experience longer audit completion times. This occurs because the audit process may involve more extensive negotiations with clients and consultations with senior audit partners. In contrast, companies that receive an unqualified opinion are likely to have shorter audit completion times, as they generally do not delay the publication of financial statements containing favorable information (Kamilia Zahrani et al., 2023).

Firms obtaining an Unqualified Opinion (Wajar Tanpa Pengecualian WTP) in the previous period typically possess adequate internal control systems, a high level of compliance with regulations, and effective reporting processes. These conditions facilitate the auditor's examination in the current period, as the risk of material misstatement is lower. Consequently, auditors require less time to complete the audit, resulting in a shorter audit delay (Kamilia Zahrani et al., 2023).

From the perspective of signaling theory, companies can convey signals to external parties



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regarding their internal conditions through various types of information, one of which is the prior-year audit opinion. An unqualified opinion provides a positive signal that the financial statements have been properly prepared in accordance with accounting standards and are free from material misstatements, thereby enhancing the confidence of auditors in the subsequent year and facilitating a smoother audit process.

Conversely, qualified, adverse, or disclaimer opinions serve as negative signals that indicate potential problems within the financial statements. Such conditions prompt auditors to exercise greater caution when examining the financial statements in the current year, which may result in audit delay. Thus, the prior-year audit opinion can be considered one of the factors influencing the duration of audit completion in the current period.

Zahrani et al. (2023) found that the prior-year audit opinion significantly affects audit delay. Companies that received an unqualified opinion (WTP) in the previous year tend to submit their financial statements more promptly. A favorable opinion in the prior period serves as a signal that the quality of the current year's financial statements is likely to be high, thereby simplifying the audit process.

Based on the discussion above, the following hypothesis is proposed:

H3: Prior-Year Audit Opinion has a significant effect on Audit Delay.

The Effect of Public Accounting Firm Reputation on Audit Delay

A Public Accounting Firm (PAF) is an organization of certified public accountants that is licensed in accordance with applicable laws and regulations to provide professional services in public accounting practice. The reputation of an auditor reflects the performance and public trust attributed to the auditor's professional standing. The reputation of a PAF is based on clients' confidence that the auditor possesses strong monitoring capabilities that may not be directly observable. Auditors with a reputable and well-established name are expected to deliver higher-quality audit services, including timely audit completion, in order to maintain their professional reputation.

This occurs because large-scale audit firms generally have more advanced technology, highly skilled personnel, and international recognition. Financial information and corporate performance are considered more reliable when audited by reputable PAFs. Public Accounting Firms are often referred to as external auditors or independent auditors to distinguish them from



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internal auditors.

PAFs affiliated with the Big Four tend to complete their audits earlier than non–Big Four firms. This is because Big Four firms are presumed to possess more advanced technology and specialized staff, allowing them to perform audit services more efficiently. The Public Accounting Firms in Indonesia affiliated with the Big Four are as follows:

1. KAP Purwantono, Sarwoko & Sandjaja, affiliated with Ernst & Young.
2. KAP Osman Bing Satrio, affiliated with Deloitte.
3. KAP Sidharta & Widjaja, affiliated with KPMG.
4. KAP Haryanto Sahari, affiliated with PricewaterhouseCoopers (PwC).

Alfiani and Nurmala (2020) found that the reputation of public accounting firms significantly affects audit delay. The reputation of a PAF has a positive effect on audit delay because auditor reputation is determined by the firm where the auditor works. In their study, the researchers used the distinction between Big Four and non–Big Four firms as the measurement of auditor reputation. Auditors from Big Four firms are generally considered to be of higher quality than those from non–Big Four firms.

Based on the discussion above, the following hypothesis is proposed:

H4: The Reputation of the Public Accounting Firm has a significant effect on Audit Delay.

RESEARCH METHOD

Type And Source Of Data

The type and source of data used in this study are secondary data. Secondary data refer to information collected from existing sources (Sekaran, 2017:130). Sources of secondary data include company records, government publications, media analyses, websites, and other internet-based resources. In this study, secondary data were obtained from the official website of the Indonesia Stock Exchange (IDX) through <http://www.idx.co.id>, in the form of audited financial statements of public companies that experienced audit delay during the 2022–2023 period.

Population And Sample

The population of this study consists of all publicly listed companies on the Indonesia Stock Exchange (IDX) that experienced delays in submitting their audited financial statements for the period 2022 to 2023. The total population in this study comprises 141 companies.

The sampling method used in this study is purposive sampling. According to Sugiyono (2017:85), purposive sampling is a technique for determining samples based on specific criteria or



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considerations established by the researcher.

Table 1. Sample Selection Process Based on Criteria

Criteria	Number of Companies
Public companies that were late in submitting financial statements to the IDX for the 2022–2023 period	141
Public companies that were suspended during the 2022–2023 period	(44)
Public companies without complete data related to research variables for the 2022–2023 period	(21)
Total Sample	76
Observation Years	2
Total Research Data	152

Source: www.idx.co.id and the respective companies' official websites (processed data).

RESULTS AND DISCUSSION

Goodness Of Fit Test

The Goodness of Fit (GoF) test aims to determine whether the proposed model fits the original data. The evaluation of model fit is useful for measuring the quality and overall validity of the research model (Latan & Ghazali, 2016). Table 2. Goodness of Fit of the Structural Model

Test/Parameter	Value	Rule of Thumb	Remarks
Average path coefficient (APC)	0,147 P = 0,016	P < 0,05	Model Fit
Average R-squared (ARS)	0,222 P = 0,001	P < 0,05	Model Fit
Average adjusted R-squared (AARS)	0,201 P = 0,003	P < 0,05	Model Fit
Average block VIF (AVIF)	1,372	Accepted < 5 Ideal < 3,3	Model Fit
Average full collinearity VIF (AFVIF)	1,109	Accepted < 5 Ideal < 3,3	Model Fit
Tenenhaus GoF (GoF)	0,471	small > 0,1 medium > 0,25 large > 0,36	Model Fit
Sympson's paradox ratio (SPR)	0,750	Accepted > 0,7 Ideal = 1	Model Fit
R-squared contribution ratio (RSCR)	0,996	Accepted > 0,9 Ideal = 1	Model Fit
Statistical suppression ratio (SSR)	1,000	Accepted > 0,7	Model Fit
Nonlinear bivariate causality direction ratio (NLBCDR)	0,875	Accepted > 0,7	Model Fit



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Source: Data processed using WarpPLS, 2025

Full Collinearity VIF Test

The Full Collinearity Variance Inflation Factor (VIF) test is a comprehensive collinearity test that encompasses both vertical and lateral multicollinearity. *Vertical collinearity* refers to multicollinearity among predictor variables within the same block, while *lateral collinearity* refers to multicollinearity between predictor variables and the criterion variable. According to Latan and Ghozali (2016), the acceptable threshold value for full collinearity VIF is below 3.3.

Table 3. Full Collinearity Variance Inflation Factor (VIF) Test

Test/Parameter	Key Audit Matters (X1)	Audit Committee Meetings (X2)	Previous Year's Audit Opinion (X3)	Audit Firm Reputation (X4)	Audit Delay (Y)
Test Full Collinearity VIF	1,145	1,121	1,114	1,053	1,112

Source: Data processed using WarpPLS, 2025

The analysis results show that the Full Collinearity VIF values for all constructs are below 3.3, indicating that the model is free from vertical collinearity, lateral collinearity, and common method bias.

Test R-Square

The R-squared (R^2) test is used to explain whether the relationships between independent variables and the dependent variable have a substantive influence or not (Latan & Ghozali, 2016).

Tabel 4 Test R-Squared

Test/Parameter	Audit Delay (Y)
R-Squared	0,222
Adjusted R-Squared	0,201

Source: Data processed using WarpPLS, 2025

The analysis results show that the R-squared (R^2) value for the variation influencing audit delay is 0.222, which means that Key Audit Matters, Audit Committee Meetings, Prior- Year Audit Opinion, and Public Accounting Firm Reputation collectively explain 22.2% of the variation in audit delay, while the remaining 77.8% is influenced by other variables outside this research model. Based on the rule of thumb for evaluating structural models, the resulting R^2 value falls into the weak category ($R^2 < 0.25$).



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Q-Square Test

The Q-squared (Q^2) test is used to determine whether the research model possesses predictive relevance or not (Latan & Ghazali, 2016).

Table 5 Q-Squared Test

Test/ Parameter	Audit Delay (Y)
Q-Squared	0,235

Source: Data processed using WarpPLS, 2025

The Q-squared (Q^2) value for stock returns is 0.235 (> 0), indicating that the model has predictive relevance.

Hypothesis Testing

Based on the inferential statistical analysis conducted using WarpPLS, the hypotheses were tested, and the results of the statistical analysis are presented as follows.

Table 6. Significance Test of Relationships Between Variables

Effect	Coefficient	P	Remarks
Key Audit Matters => Audit Delay	0,250	< 0,001	H1 Accepted
Audit Committee Meetings => Audit Delay	-0,012	0,443	H2 Rejected
Previous Year's Audit Opinion=> Audit Delay	-0,265	< 0,001	H3 Accepted
Audit Firm Reputation => Audit Delay	-0,062	0,220	H4 Rejected

Source: Data processed using WarpPLS, 2025

Discussion

The Effect of Key Audit Matters on Audit Delay

The test results show that Key Audit Matters (KAMs) have a significant effect on audit delay, with a significance value of 0.001 (< 0.05). This indicates that the more complex and numerous the KAMs disclosed by the auditor in the audit report, the greater the likelihood that the company will experience delays in submitting its audited financial statements.

This finding is consistent with agency theory, which explains that greater transparency in information disclosure including the disclosure of KAMs can minimize information asymmetry between management (agent) and shareholders (principal). The disclosure of KAMs encourages auditors to perform more focused audit planning and procedures on high-risk areas, which can



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contribute to more accurate and timely audit completion.

However, the results of this study are inconsistent with those of Pratama and Lusiani (2024), who found that key audit matters have a negative effect on audit delay, meaning that a higher number of KAM disclosures leads to a shorter audit delay. According to their study, KAMs encourage auditors to identify significant issues more quickly and communicate them promptly to the appropriate authorities.

This difference in findings may be attributed to the fact that the implementation of SA 701 (the Indonesian adaptation of ISA 701) only began for financial statements in 2022, leading auditors to require more time to identify and disclose KAMs accurately. Consequently, during this early phase of implementation, a higher number of disclosed KAMs may increase the likelihood of audit delay, as auditors need to exercise greater caution and documentation effort in applying the new standard.

The Effect of Audit Committee Meeting Frequency on Audit Delay

The test results show that the frequency of audit committee meetings does not have a significant effect on audit delay, with a significance value of 0.443 (> 0.05). This indicates that the intensity of meetings held by the audit committee does not directly accelerate or delay the completion of the company's financial statement audit process.

This finding can be interpreted to mean that a high number of meetings does not necessarily reflect good oversight quality. Although the audit committee may meet frequently, the effectiveness of such meetings largely depends on the substance of the discussions, the competence of the members, and the follow-up actions resulting from those meetings. In other words, meetings that are merely formalities without producing strategic decisions relevant to the audit process do not make a meaningful contribution to the timeliness of audited financial statement submissions.

According to compliance theory, individuals or groups within an organization tend to adhere to rules, norms, and procedures due to the desire to gain legitimacy and avoid sanctions. In the context of the audit committee, this theory assumes that the more frequently the audit committee meets, the better the company's level of compliance with regulations and good corporate governance practices will be. Increased compliance should, in theory, enhance the effectiveness of financial reporting oversight and, consequently, expedite audit completion, thereby reducing audit delay.

However, the findings of this study indicate that the frequency of audit committee meetings



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does not affect audit delay. This suggests that compliance demonstrated through meeting intensity does not necessarily translate into effectiveness in influencing audit timeliness. It is possible that frequent meetings are held merely as a formality to comply with regulations, without resulting in substantive decisions or actions that could accelerate the audit process. In other words, compliance reflected only by the quantity of meetings does not fully represent the quality of oversight required by external auditors.

Therefore, although compliance theory assumes that a higher level of compliance should enhance oversight effectiveness and support timely reporting, this study reveals a gap between theoretical assumptions and practical implementation. The effectiveness of audit committees in reducing audit delay is determined not by how often meetings are held but by the quality of discussions and the follow-up actions that arise from them.

The findings of this study differ from those of Shinta and Satyawati (2021) and Dzulkifli and Dewayanto (2022), who found that the frequency of audit committee meetings significantly affects audit delay. However, this study aligns with the findings of Fakri and Taqwa (2019), who reported that the frequency of audit committee meetings does not have a significant impact on audit delay. This implies that the number of meetings conducted by the audit committee does not directly reduce audit delay. The role of the audit committee in supervising the company's financial reporting process cannot be determined solely by the frequency of meetings. Similarly, Siahaan et al. (2019) emphasized that the effectiveness of oversight depends not only on the number of meetings but also on the quality and substance of the discussions held.

The variation in these findings may be attributed to differences in the quality of audit committee meetings across companies. In some firms, audit committee meetings may be conducted merely as formalities without yielding substantive decisions; thus, even with a high meeting frequency, they do not contribute to faster audit completion. Practically, companies should focus on the substance and effectiveness of audit committee meetings rather than their quantity. Well-structured meeting agendas that address relevant financial reporting issues are more likely to have a positive impact on audit timeliness.

The Effect of Prior-Year Audit Opinion on Audit Delay

The test results show that the prior-year audit opinion has a significant effect on audit delay, with a significance value of 0.001 (< 0.05). This indicates that the opinion issued by the auditor in the previous period can provide certain signals to the auditor when conducting the audit process in



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the current period.

If a company received an unqualified opinion in the previous year, the auditor has greater confidence in the quality of the company's financial statements and corporate governance. This condition reduces excessive caution and accelerates the audit process, resulting in a shorter audit delay. Conversely, if a company received an opinion other than unqualified (such as qualified, adverse, or disclaimer of opinion), the auditor tends to perform additional audit procedures in the subsequent period. This occurs because the auditor must ensure that previous audit findings or issues have been properly addressed by management, thereby increasing the complexity of the audit examination and potentially extending the audit delay.

According to signaling theory, the prior-year audit opinion serves as a signal to both auditors and external stakeholders regarding the company's financial condition and governance quality. A positive opinion (unqualified) signals that the company's financial statements are of good quality, allowing auditors to complete the audit with greater confidence and in a shorter time. Conversely, a negative opinion signals higher audit risk, prompting auditors to allocate more time for evidence gathering and evaluation, ultimately leading to a longer audit delay.

These findings are consistent with those of Zahrani et al. (2023) and Firmansyah et al. (2023), who found that the prior-year audit opinion significantly affects audit delay. Auditors dealing with companies that obtained favorable opinions in the previous period generally face lower audit risk, enabling faster audit completion. In contrast, opinions other than unqualified indicate higher risk and require additional audit procedures, which may lengthen the audit completion time.

The Effect of Public Accounting Firm Reputation on Audit Delay

The test results indicate that the reputation of the Public Accounting Firm (PAF) does not have a significant effect on audit delay, with a significance value of 0.220 (> 0.05). This finding suggests that the reputation level of the PAF engaged by the company is not a primary factor influencing the duration of the audit completion process.

From a theoretical perspective, signaling theory posits that the use of a highly reputable PAF should serve as a positive signal regarding the quality of financial reporting and the efficiency of the audit process. PAFs with strong reputations such as members of the Big Four are assumed to have greater professional resources and more sophisticated systems, enabling them to complete audits in a relatively shorter time. However, the findings of this study demonstrate that, in practice, a firm's



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reputation does not necessarily guarantee faster audit completion.

The insignificance of the effect of PAF reputation on audit delay may be explained by several factors. First, all audit firms, regardless of their reputation level, must adhere to the same auditing standards and often face varying levels of client complexity in financial reporting. Second, auditors from highly reputable firms may actually implement more rigorous and cautious audit procedures to maintain audit quality and independence, which could lengthen the audit process. Third, internal company factors such as the readiness of financial data, operational complexity, and the effectiveness of communication between auditors and management may play a more decisive role in determining the length of the audit process than the auditor's reputation itself.

CONCLUSION

Key Audit Matters have a positive and significant effect on audit delay. This indicates that the greater the number and complexity of KAM disclosures, the longer the time auditors require to plan, perform, and document audit procedures, resulting in an increase in audit delay. In other words, the presence of KAMs heightens the auditor's responsibility to conduct more thorough testing in high-risk areas, thereby extending the audit completion process.

Audit Committee Meeting Frequency does not have a significant effect on audit delay. This finding suggests that a higher number of meetings held by the audit committee does not necessarily lead to improved oversight effectiveness or faster audit completion. What matters more is the quality and substance of discussions during the meetings rather than their frequency. Thus, meeting frequency alone cannot serve as a primary indicator for reducing audit delay.

Prior-Year Audit Opinion has a negative and significant effect on audit delay. Companies that received an unqualified opinion (WTP) in the previous period tend to experience shorter audit completion times in the current period. This is because auditors face lower audit risk in firms with favorable opinions, allowing them to perform audit procedures more efficiently.

Public Accounting Firm Reputation does not have a significant effect on audit delay. This finding indicates that selecting a highly reputable public accounting firm does not necessarily accelerate audit completion. The duration of the audit is more influenced by internal company factors and the complexity of the audit itself rather than by the auditor's reputation.

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