

The Effect of a Fraudulent Financial Statement, Firm Size, Profitability, and Audit Firm Size on Audit Delay

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This research has been conducted to analyze the effect of a fraudulent financial statement, company size, profitability, and the size of the audit firm on audit delay. The population selected in this research were agricultural and mining enterprises that were registered on the Indonesia Stock Exchange from 2014-2017. The sampling technique utilized in this research is purposive sampling. Based on the predetermined criteria, 94 enterprises have been obtained as the target population. Analytical techniques employed in this research are the normality test, descriptive statistical analysis, Pearson correlation, and multiple linear regression analysis. The results indicate that the scope of the fraudulent financial statement and profitability did not affect the audit delay. However, both company size and public accounting firm size have a significant negative effect on the audit delay.

Key words: *Fraudulent financial statement, firm size, profitability, audit firm size, audit delay.*

Introduction

An annual report is published after the auditor expresses an audit opinion about the reasonableness of the financial statements. The time span for completing an audit by the auditor can be seen from the time difference between the date of the financial statements and the date of the audit opinion in the audit financial statements. The time difference is called audit delay. Audit delay is the period from the end date of the company year to the date of the audit report. Audit delay is considered as the time from the end of the company's accounting year to the date of the auditor's report.

According to Angruningrum and Wirakusuma (2013), the accuracy of the publication of accounting information can be influenced by audit delay. Aryaningsih and Budiarta (2014) stated that the delay in publication due to long audit delay will cause a negative market reaction. This will have a bad impact on both the company and the public accounting firm. In general, investors consider the existence of delays in financial reporting as a bad sign of the company's health condition. This is consistent with the opinion of Subekti and Widiyanti (2004), which states that a delay in financial reporting is indirectly interpreted by investors as a bad sign of the company. Conversely, companies which have good performance tend to report financial statements on time, which is a good signal to investors. One of indicators of financial statement quality is also the relevance of the timeliness component (Abdillah, Mardijuwono, & Habiburrochman, 2019). For these reasons, a study of the factors of timeliness or audit delay have become a priority as understanding relevant factors that affect or are associated with audit quality is crucial (Nasution & Jonnergård, 2017).

The audited financial statements must be reported in a timely manner so that they can be useful to stakeholders as stipulated in the Financial Services Authority (OJK) Regulation number 29/2016, concerning the annual reports of listed companies or public companies contained in articles 7 and 9, stating that issuers or public companies must submit an annual report to the financial services authority no later than the end of the fourth month after the financial year ends. In detail, in article 19 paragraph 1, sanctions are also explained as the whether they violate applicable regulations. This regulation came into force on July 29, 2016.

As cited by Hafiyyan (2018) in *Bisnis.com*, the IDX (Indonesia Stock Exchange) 11 listed companies had not reported financial reports as at September 30, 2017. In these cases, the company was subject to written warning III and a fine of 150 million. Based on the example of the case above it can be concluded that the audit delay phenomenon still occurs in companies in Indonesia. Based on the audit delay phenomenon, this research aims to determine factors that are considered to be able to influence the length of the audit delay in a financial statement. The factors used in this study and possible influences on audit delay include fraudulent financial statements, company size, profitability, and size of public accounting firms.

Audit delay affects information obtained from audited financial statements. The information is used as a reference by investors and the wider community to find out the company's performance. Therefore, the purpose of this study is to find empirical evidence regarding the influence of fraudulent financial statements, company size, profitability, and the size of public accounting firms on audit delay in agricultural and mining sector companies listed on the Indonesia Stock Exchange.

The sample in this study is agricultural and mining sector companies. This sample selection is based on data from the Ministry of Industry of the Republic of Indonesia, whereby the industrial sector is still the largest contributor to the national Gross Domestic Product (GDP) with an achievement of 20.16 percent in 2017 (Ministry of Industry, 2018). In fact, over a five-year period (2012-2016), the role of agricultural and mining products has continued to climb in the composition of Indonesian exports.

Theoretical Basis

Legitimacy Theory

Deegan (2004) explains that the theory of legitimacy is that organizations will sustainably ensure that they operate within social boundaries and norms, that is they seek to ensure that their activities are considered legitimate by outsiders. This statement explains that the company will try to gain confidence from the public in regard to the business activities being legal. Legitimacy from the community is needed by the company because this is a supporting factor for the company's sustainability.

Compliance Theory

Andini (2016) posed that there are two basic perspectives on legal compliance, namely instrumental and normative. The instrumental perspective assumes a person is fully driven by personal interests and responses to changes in incentives and penalties related to behavior. The normative perspective deals with what people consider to be moral and contrary to their personal interests.

The demand for compliance with the timely submission of annual financial statements of public companies in Indonesia has been regulated in Bapepam-LK Regulation number X.K.6. Attachment to the Decree of the Chairman of Bapepam Number: KEP-431 / BL / 2012 states that the annual financial statements must be accompanied by an accountant's report with the usual opinion and submitted to Bapepam no later than the end of the fourth month after the date of the annual financial statements. If a company violates these regulations, the company will be subject to sanctions that have been set in the law.

Fraud

According to Abdullahi (2015), fraud is a deliberate act committed by one or more individuals among management, employees or third parties that results in errors in financial reporting. Fraud classification is detailed according to the Association of Certified Fraud Examiner (2016) report:

1. Financial Statement Fraud, which consists of the presentation of net income above actual income (net income overstated) and the presentation of net income below actual income (net income understated).
 2. Asset misappropriation consisting of cash fraud and fraudulent inventory and other assets.
 3. Corruption consists of conflicting interests, bribery, illegal gifts, and economic blackmail.
- Based on the classification of fraud, this study discusses financial statement fraud.

Financial Statement Fraud

In The Treadway Commission's Report of the National Commission on Financial Reporting (1987), financial statement fraud is carelessness or deliberate in doing something or not doing something that should be done that causes financial statements to be materially misguided. According to SAS Number 99 (quoted in AICPA 2002), financial statement fraud can be effected by:

1. Manipulation, falsification, or changes in accounting records, supporting documents from compiled financial statements.
2. Deliberate or intentional omission of information that is significant to the financial statements.
3. Intentional abuse of the principles relating to the amount, classification, method of presentation or disclosure.

Firm Size

The size of the company according to Kurniasih and Sudarsi (2012) is defined as a value that indicates the size of the company. The size of the company can be classified in various ways, namely: total assets, log size, the market value of shares, and others (Suwito & Herawaty, 2005). The size of the company in this study is measured by the total assets owned by the company. The definition of total assets is all the resources controlled by the company as a result of past transactions and are expected to provide economic benefits for the company in the future (IAI, 2002).

Profitability

According to Barus and Leliani (2013), profitability is the ability to generate profits during a certain period using assets or capital, both capital as a whole and own capital. Regarding companies that have high profitability, it can be said that the company's financial statements contain good news and companies that experience good news will tend to submit their financial statements on time. This also applies if the company's profitability is low where it contains bad news, so the company tends not to submit its financial statements in a timely fashion (Hilmi & Ali, 2008; Maria, and A.P.V 2017).

Size of the Public Accounting Firm

According to Firyana (2014), the size of a public accounting firm is a measure used to determine the size of a public accounting firm. The size of the Public Accounting Firm can be said to be large if the Public Accounting Firm is affiliated with the Big Four, has qualified auditors, a large number of clients and uses audit technology that will support the work of the audit (Caneghem, 2004). Public Accounting Firms in Indonesia that fall into the category of The Big Accounting Firm (Big Four) are:

1. Deloitte Touche Tohmatsu Public Accountant Firm in collaboration with Osman Bing Satrio & Eny.
2. Price Waterhouse Coopers Public Accounting Firm in collaboration with Tanudiredja, Wibisana, Rintis & Partners.
3. Ernst & Young's Public Accounting Firm in collaboration with Purwantono, Sungkoro & Surja Public Accounting Firm.
4. Klynveld Peat Public Accountant Office Marwick Goerdeler in collaboration with Sidharta Widjaja & Partners Public Accounting Firm.

Audit Delay

Ani (2011) explained that audit delay is the length of time the auditor takes to complete his audit work, which is measured from the closing date of the financial year to the date of issuance of the audit financial statements. In some studies audit delays are referred to as audit reporting lag. Audit delay is what can affect the accuracy of published information, so it will affect the level of uncertainty of decisions based on published information (Andi, 2011). So that the financial statements are presented late and the information contained therein becomes irrelevant when making decisions.

Hypotheses Development

Fraudulent Financial Statement and Audit Delay

An auditor has an acceptable level of audit quality tolerance for financial statements. If the quality of financial statement disclosures provided by the client falls below the audit quality tolerance threshold, the auditor will carry out additional audits to a point of satisfaction (Salterio, 2012). A large audit delay will indicate the low quality of initial earnings. The low quality of initial earnings is usually caused by management who uses earnings management to commit fraud. Healy & Wahlen (1998) explains that earnings management is used as an alternative by management in reporting its financial statements and is also used in changing financial statements that can fool several stakeholders regarding company performance. This triggers a longer audit delay to conduct an audit of a company's financial statements. An auditor will need more time to gather additional evidence if a company is detected committing fraud, especially in financial statements.

Hypothesis 1: Fraudulent financial statement has a positive effect on audit delay.

Firm Size and Audit Delay

In their research Prabandari and Rustiana (2007) explained that the larger the size of the company, the more quickly the company will report the results of the audited financial statements, this is because the company has many sources of information and has a good corporate internal control system to reduce the level of error in the preparation of financial statements allowing auditors to audit financial statements. In addition, large companies have more investors and regulations that encourage them to report audited financial statements faster than smaller companies (Hassan, 2016).

Hypothesis 2: Firm size has a negative effect on audit delay.

Profitability and Audit Delay

According to Subekti and Widiyanti (2004), profitability has a significant negative effect on audit delay. Profitability indicates the level of success of the company in obtaining profits. Therefore, the greater the company's profitability, the quicker the company will report the audited financial statements. This is because profitability is considered a good sign for investors, and previous research supports the results of research by Khoufi & Khoufi (2018).

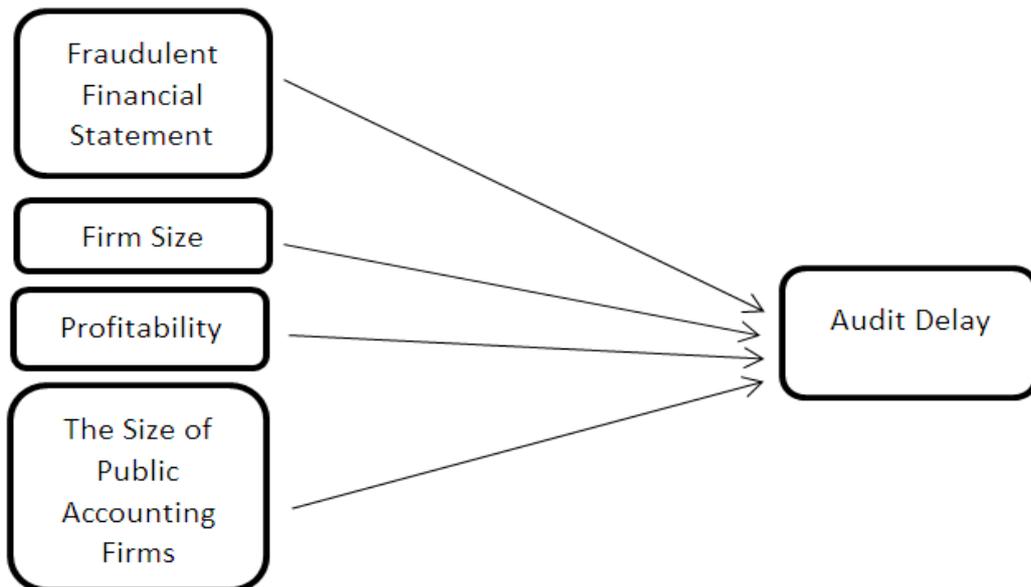
Hypothesis 3: Profitability has a negative effect on audit delay.

The Size of Public Accounting Firm and Audit Delay

It has been acknowledged that there are many reasons influencing a company's decision to choose their auditors (Qomariyah, 2019) of which one is audit delay expectation. The size of the Public Accounting Firm can be grouped into two, namely the Big Four Public Accounting Firm and the non-Big Four Public Accounting Firm. Auditors from the Big Four Public Accounting Firms have higher ability and professionalism compared to non-Big Four Public Accounting Firms. According to research (Rahmawati & Suryono, 2015) the Big Four Public Accounting Firm is able to take the right attitude and opinion in accordance with applicable standards. Big Four Public Accounting Firm have a large number of auditors, effective and efficient performance and tends to have the drive to be able to complete the audit work on time to maintain the big name of the Public Accounting Firm.

Hypothesis 4: The size of the Public Accounting Firm negatively influences audit delay.

Figure 1. Conceptual Framework



Research Methods

Research Approach

This study uses a quantitative approach. Sugiyono (2015) states that quantitative research methods are based on the philosophy of positivism, and are used in researching samples and research populations. Sampling techniques are done by purposive sampling, while data collection is done by utilizing the research instruments used, data analysis used is quantitative / can be measured with the aim to test the hypothesis previously set.

Population, Sample, and Data Collection Procedure

The population used in this study is a report of agricultural and mining sector companies listed on the Indonesia Stock Exchange in 2014-2017. The sampling technique of this study was through purposive sampling. This technique is used because it is considered to be able to determine the representative sample in accordance with predetermined criteria. The sample selection criteria are as follows:

1. Companies in the agriculture and mining sectors were listed on the Indonesia Stock Exchange (IDX) during the 2014-2017 period.
2. Financial reports are presented in units of rupiah.
3. The financial statements ending December 31.
4. Financial reports and annual reports have a relationship with the full research variables during the 2014-2017 period.

Research Variables and Operational Definition Variables

In this study, the dependent variable used is the audit delay. The independent variables used in this study are fraudulent financial statements, firm size, public accounting firm size, and profitability.

Fraudulent Financial Statement

The dependent variable in this study is earnings management which is proxied by discretionary accruals. Discretionary accrual is an accrual component within the manager's policy, meaning that the manager gives his intervention in the accounting reporting process. Discretionary accrual measurement as a proxy for earnings quality (earnings management) using the Jones Model (1991). The DAC variable is presented in absolute value because the researcher wants to see cheating without seeing that cheating decreases discretionary accruals or adds distress accruals. Earnings management ($|\text{DAC}|$) can be measured through discretionary accruals which are calculated by way of excluding total accruals (TAC) and nondiscretionary accruals (NDA). The calculation model is as follows:

Calculating total accruals with a modified Jones model:

Total Accrual (TAC) = net income – cash flow from operating

Calculating the estimated accruals value with the OLS (Ordinary Least Square) regression equation:

$$\text{TAC}_{it}/\text{At}_{-1} = \alpha_1(1/\text{Ait}_{-1}) + \alpha_2((\Delta\text{REV}_{it} - \Delta\text{RECT})/\text{Ait}_{-1}) + \alpha_3(\text{PPE}_{it}/\text{Ait}_{-1}) + e$$

Where:

TACit : total accruals firm i in t period

Ait-1 : total assets for firm sample i in end-year t-1

REVit : change in firm income i from period t-1 to t

RECit : change in firm receivable i from period t-1 to t

PPEit : firm fixed assets (gross property, plant, and equipment) t period

Calculating nondiscretionary accruals model (NDA) is as follows:

$$NDAit = \alpha_1(1/ Ait-1) + \alpha_2((\Delta REVit - \Delta RECit)/ Ait-1) + \alpha_3(PPEit/ Ait-1)$$

Where:

NDAit : nondiscretionary accruals in t period

α : fitted coefficient obtained from the regression results in the calculation of total accruals

Calculating discretionary accruals:

$$|DACit| = (TACit/ Ait-1) - NDAit$$

Where:

|DACit| : absolute discretionary accruals firm i in t period

Firm Size

Firm size is a scale where large companies can be classified in various ways, including total assets, sales, or capital of the company. The size of the firm in this study was measured based on the size of the assets owned by the firm. Mareta (2015) said total assets were chosen as a proxy of the firm size variable because total assets are more stable and representative in showing company size compared to market capitalization and sales which are strongly influenced by demand and supply. The firm size calculation is as follows:

$$\text{Firm Size} = \ln(\text{Total})$$

Profitability

Profitability ratios are measured by net income to income. This ratio measures a company's ability to generate a return on its resources. This is based on the expectation that management will be able to maintain or increase the level of profitability. Companies that have a higher level of profitability need faster auditing time because they want to deliver good news as soon as possible to the public. They also give reasons whereby auditors facing companies that suffer losses will tend to be more careful in conducting the auditing process.

$$\text{PROF} = \text{Net profit} \div \text{Revenue}$$

The Size of Accounting Public Firm

This variable is measured using a dummy variable, with a value of 1 if the company is audited by the Purwanto Public Accountant Firm, Sungkoro & Surja (Ernst & Young-EY), Tanudireja Public Accountant Firm, Wibisana, Rintis & Partners (PricewaterhouseCoopers - PwC), Siddharta Public Accountant Firm, Widjaja & Partners (Klynveld Peat Marwick Goerdeler - KPMG) and the Public Accounting Firm Satrio, Bing, Eny & Partners (Deloitte), and 0 if not audited by the Big Four Public Accounting Firms.

Size of Public Accounting Firm = using dummy variable, value 1 (one) to cooperate with The Big Four Public Accounting Firm and value 0 for non-collaborating with The Big Four Public Accounting Firm

Audit Delay

Audit delay is the length or span of audit completion measured from the closing date of the financial year to the date of issuance of the audit report. Audit delay can affect the accuracy of the information presented in the audit report, which might affect the level of uncertainty based on informed decisions. In this study, the audit delay variable is measured quantitatively from the end date of the company's financial year to the date of issuance of the audit report with regression analysis.

Audit delay = the length or range of audit completions measured from the closing date of the financial year to the date of issuance of the audit report.

Type and Data Source

This study uses secondary data in the form of financial statements from the Indonesia Stock Exchange in 2014-2017. Quantitative data is a type of data that can be measured or calculated directly in the form of information or explanations expressed in numbers or in the form of numbers. Quantitative data needed in this research is in the form of absolute discretionary accruals, company size, profitability, and public accounting firm size.

Analysis Technique

Multiple linear regression analysis is a linear relationship between two or more independent variables (X_1, X_2, \dots, X_n) with the dependent variable (Y).

The regression model used to test the hypothesis in this study is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Descriptions:

Y	: Audit Delay
α	: Constant
$\beta_1, \beta_2, \beta_3, \beta_4$: Regression Coefficient
X_1	: Fraudulent Financial Statement
X_2	: Firm Size
X_3	: Profitability
X_4	: The Size of Accounting Public Firm
ε	: Residual Value

Results and Discussion

The research subjects used were agricultural and mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2014-2017. The sampling method used in this study was purposive sampling by setting certain criteria for determination and consideration. Based on the sample criteria, the number of samples used was 94 companies. The sample was chosen as follows in Table 1 below:

Table 1: Distribution of Companies by Industry Type

SIC Code	Industry	Number of Firms	Percentage
0	Agriculture	55	58.51 %
1	Mining	39	41.49 %
	Total	94	100%

Table 2: Descriptive Statistics Results

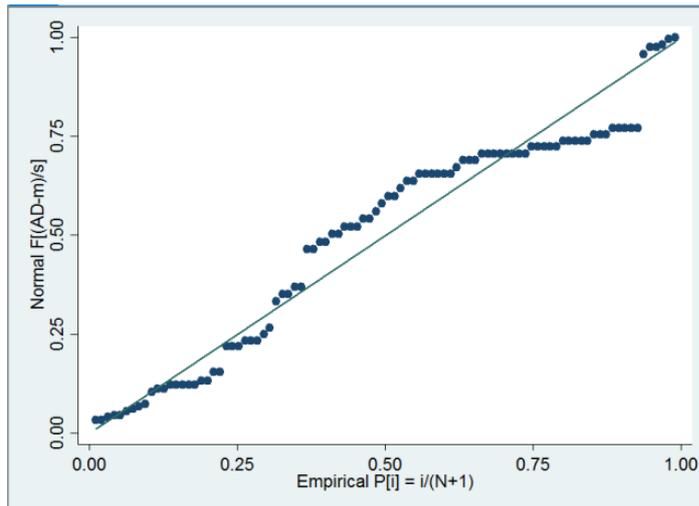
	Mean	Median	Minimum	Maximum
AD	74.872	79.500	37.000	147.000
ABSDAC	0.077	0.046	0.000	0.631
LNTA	22.114	22.347	18.876	24.232
PROF	-1.300	0.026	-85.741	0.275
BIG4	0.468	0.000	0.000	1.000

A description of the results of the study will present information about the variables used in the study. The information presented in this description is in the form of minimum, maximum, mean, and median values of the variables used in this study, namely AD, ABSDAC, LNTA, PROF, and BIG4.

Normality Test

The normality test results can be seen with the P-P Plot Normality figure, as depicted in Figure 2 below:

Figure 2. Dependent Variable: *Audit Delay* Normality Test Results (P-Plot)



This test aims to determine whether each variable is normally distributed or not. Detection of the normal distribution of data is achieved by assessing whether the plot points are around the diagonal line or not. The distribution of research data based on Figure 2 above can be categorized as normal.

Pearson Correlation Test

Table 3: Pearson Correlation

	AD	ABSDAC	LNTA	PROF	BIG4
AD	1.000				
ABSDAC	0.088 (0.398)	1.000			
LNTA	-0.475*** (0.000)	-0.262** (0.011)	1.000		
PROF	-0.044 (0.671)	-0.061 (0.559)	0.087 (0.405)	1.000	
BIG4	-0.516***	-0.245**	0.617***	0.141	1.000

	(0.000)	(0.017)	(0.000)	(0.175)	
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p-values in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Based on the Pearson correlation test results shown in Table 3 above, the correlation between ABSDAC and AD variables was 0.088, which means that the relationship between ABSDAC and AD was positive and not significant. Negative correlations are shown by the PROF variable with AD, ABSDAC. While the correlation value between the LNTA and AD variables is -0.475, which means the relationship between LNTA and AD is negative and has a significance level of 1%. A negative and significant correlation of 1% was also shown by BIG4 with AD. In addition, the relationship between LNTA variables and ABSDAC; BIG4 with ABSDAC is negatively related and has a significant level of 5%. While the correlation between BIG4 variables with LNTA shows a positive relationship and has a significance level of 1%. Besides that the variables that show a positive correlation are between the PROF variable and LNTA; BIG4 with PROF.

Multiple Linear Regression Test

Table 4: Multiple Linear Regression Test Results

	AD
ABSDAC	-13.716
	(-0.64)
LNTA	-4.217***
	(-2.67)
PROF	-0.012
	(-0.06)
BIG4	-13.862***
	(-2.90)
_cons	179.032***
	(5.20)
r2	0.333
N	94

t-values in parentheses

* $t > 1.66$, ** $t > 1.98$, *** $t > 2.62$ in significance level of 10%, 5%, and 1%

The Effect of Fraudulent Financial Statement to Audit Delay

Hypothesis one (H1) states that the relationship between fraudulent financial statements (ABSDAC) and audit delay (AD) has a positive effect. The results showed a regression coefficient of -13,716. Based on Table 4 above the ABSDAC t_{count} value obtained is $-0.64 > -t_{\text{table}} (-1.98)$ with a significance level of 0.521. The significance level of fraudulent financial statements is above 0.1 which means that the fraudulent financial statement has no significant effect on audit delay. This shows that H1 was rejected. These results contradict Asthana's (2014) study stating that fraudulent financial statements calculated using absolute discretionary accruals have a positive relationship with audit delay.

Based on the research conducted, the results obtained that auditors have limitations and constraints in the contract and audit process, so they have the urge to report audited financial statements on time. In addition, it is not an auditor's obligation to deal with fraud but only to provide advice to the company's management. This is the reason that fraudulent financial statements do not have a significant relationship to audit delay.

The Effect of Firm Size to Audit Delay

Hypothesis two (H2) states that company size (LNTA) has a negative effect on audit delay (AD). The results showed a value of the company size regression coefficient of -4.217. Based on table 4.5, the t_{count} value of INTA is $-2.67 > -t_{\text{table}} (-2.62)$ with a significance level of 0.009. The level of significance of company size is below 0.1 which means that the size of the company has a significant influence on audit delay. These results state that H2 was accepted. The results of this study support the results of the study of Amani (2016) where company size has a significant negative relationship to audit delay. This is because the use of total assets is considered to be more stable than market value and level of sales.

The results of the study are also consistent with the research of Khoufi and Khoufi (2018) who found company size has a significant negative relationship to audit delay. Large companies want the audit report to be completed early because of good internal controls so that the data needed by the auditor can be easily obtained. In addition, large companies have the ability to pay relatively high audit fees so that audit work can be carried out immediately after the end of the year. This has encouraged audited financial statements to be released on time.

The Effect of Profitability to Audit Delay

Hypothesis three (H3) states that profitability (PROF) has a negative effect on audit delay (AD). The results showed a profitability regression coefficient of -0.012. Based on Table 4, the PROF t_{count} obtained is $-0.06 > -t_{\text{table}} (-1.98)$ with a significance level of 0.955. The level of

significance of profitability above 0.1 means that profitability does not have a significant effect on audit delay. So the results stated that H3 was rejected. The results of the study are in line with Angruningrum and Wirakusuma's (2013) research that profitability does not have a significant effect on audit delay. The research shows that companies that have both low and high profitability levels must report audited financial statements on time, this is the reason the level of profitability does not affect audit delay. However, the results of the study are not in line with the research of Khoufi and Khoufi (2018), whereby companies that have high profitability will try to release financial statements that have been audited earlier to inform "good news" to investors.

The Effect of Public Accounting Firm Size to Audit Dela

Hypothesis four (H4) states that the size of the Public Accounting Firm (BIG4) has a negative effect on audit delay (AD). The results showed a regression coefficient of the Public Accountant Firm size of -13,862. Based on Table 4, the BIG4 t_{count} obtained is $-2.90 > -t_{table}$ (-2.62) with a significance level of 0.005. The significance level of the size of the Public Accounting Firm is below 0.1 which means that the size of the Public Accounting Firm has a significant influence on audit delay. Therefore, the results stated that H4 was accepted. However, the results of the study are not in line with the research of Ratnasari (2017), where the size of the Public Accounting Firm has no influence on audit delay. The results of the study are in line with research by Rusmin and Evans (2017), whereby the size of the Public Accounting Firm has a significant effect on audit delay. Public accounting firms in the Big 4 categories have qualified auditors, a large number of clients, and use audit technology that will support the work of the audit. This is what drives big 4 auditors to carry out the audit process effectively and efficiently so that they can finish the audit on time.

Conclusion

Based on the processed data it can be concluded that the company size variable (LNTA) and KAP size (BIG4) have a significant negative effect on audit delay (AD). While fraudulent financial statements (ABSDAC) and profitability variables do not significantly influence audit delay (AD). This research has been planned in such a way, but of course there are still limitations that need to be revised. Limitations that need to be considered include, among others, that the variables used are still not able to be used as factors that influence audit delay. This is evidenced by only 2 of the 4 variables that are able to show the effect on audit delay. These variables are company size and the size of the public accounting firm. Thus, there are still other factors that are not examined that can cause audit delay. In addition, research data were obtained from www.idx.co.id so that there were several companies that were excluded from the study sample due to incomplete data.



Based on the conclusions and limitations of the research that have been described in this paper, the suggested further research should be in regard to the submission of audited annual financial statement information in a timely manner so that the information contained in the financial statements can be relied upon and relevant for those using it, such as investors and the public, paying especially to companies that are late in reporting annual financial statements. This assists investors in making the right decisions and is expected to add independent variables that might affect audit delays such as leverage, audit complexity and audit committee.

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