

The leverage and company size impact on delay in the audit

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Abstract

Purpose: The goal of this study is to investigate the impact of leverage and company size on the delay in auditing of manufacturing companies listed on the IDX (2016-2018).

Research methodology: Descriptive and vericative methods were used for the study design. The purposive judgement sampling method was used for sample determination in the present study. The program used was SPSS Version 20.00.

Results: The findings show that simultaneously variable leverage and company size affect audit delays.

Limitations: This study only uses data from the IDX for 2016-2018 which allows data not to be obtained in detail, and the sample in this study only uses manufacturing companies that use rupiah currency.

Contribution: Author, Idx, and Public.

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1. Introduction

Manufacturing Company is a manufacturing industry, which is a business that processes/transforms raw materials into finished products or semi-finished goods with added value that are produced manually by a machine or without the use of a machine (manual) (Central Statistics Agency, 2020). Public companies are public companies or companies that make public offerings of shares in compliance with the provisions of capital market legislation. Meanwhile, an organization that satisfies the criteria for the number of shareholders and paid-up capital in line with the laws of capital market law is a public corporation. ([Article 1, No. 7 of Law No. 40 of 2007](#) on Limited Liability Companies).

The manufacturing companies reported on the Indonesian Stock Exchange comprise three manufacturing sectors: the basic and chemical sectors, consumer goods sector, and multi-industry sector (www.IDX.co.id, 2020). The multi-industry sector is a part of the manufacturing company sector in Indonesia. All subsectors in the multi-industry sector are producers of consumers' basic needs products. The products produced are consumptive and liked by people, so the producers in this industry have a high level of sales, which also impacts the growth of this industrial sector ([Nurfaizi, 2017:1](#)). One indicator is the company's monetary reports.

Financial reports provide information on the fiscal, fiscal, and cash flow of entities. Financial statements must also be made according to the actual state of the company to provide an overview of how the company is, arrange information that is clear to comprehend, admissible information must have predictive and timely value, information must also be reliable (verifiable, honest, and material), and the fiscal reports can be contrasted with the previous fiscal reports as well as the other companies. Financial statements are used by those who need them as a basis for decision-making information. Public companies are required to submit an Audited Annual Financial Report on the Indonesia Stock Exchange (IDX) ([Ikatan Akuntan Indonesia \(IAI\), 2007:7](#)).

Financial statements made publicly available through the Indonesian Stock Exchange (IDX) should first be checked for transparency through process review. Auditing is a systematic and holistic analysis by an independent committee of the financial statements submitted by the management, along with

records-accounting records and supporting facts, to bring opinions or opinions on the inclusivity of financial information (Agoes, 2011). The company must submit its income reports to the financial service regulator after an audit by an auditor and have a time limit specified in the policies of the body responsible for financial services.

Related to a delay in audit, concentrated on the annex to the Declaration of the Chairman of the Board of Supervisors of the Capital Market and Financial Institution Number: KEP-346/BL/2011, referring to the preparation of quarterly income statements by issuers or public companies. This Regulation specifies that consolidated cash reports should be followed by a report by the analyst and submitted no later than the end of the third month, which was then revised by Regulation No. 29/POJK.04/2016 of the Financial Services Rereadstor, which read,stherticle 7(1) The issuer or public corporation shall send an annual report to the Financial Services Regulator no later than the end of the fourth month following the end of the financial year. (2) If the annual report is available to investors before the end of the reporting period, as alluded to in paragraph (1), the annual report shall be issued to the Financial Services Regulator at the same time as the annual report for investors. (3) If, for the first time in the year after the end of the financial year, the issuer or the public entity obtains an effective declaration, the deadline for submission of the annual report referred to in paragraph (1), the issuer or the public corporation shall send an annual report to the Financial Services Regulator no later than the date of the annual GMS invitation (if any). (4) The annual report submitted to the Financial Services Authority, as referred to in paragraph (3), may not be consistent with the form and content of the annual report.

Table 1. Manufacturing Companies Experiencing Audit Delay

Year	Name of Company	OJK Regulation	Date of announcement of companies experiencing audit delay	Number of days of delay
2017	PT Eterindo Wahanatama Tbk (ETWA)	90 days from the closing book year 31 December 2016	29 june 2016	180 days from the closing year 31 December 2016
	PT Ratu Prabu Energi Tbk (ARTI)	90 days from the closing book year 31 December 2016	29 june 2016	180 days from the closing year 31 December 2016
2018	PT Sunson Textile Manufacturer Tbk (SSTM)	90 days from the closing book year 31 December 2017	29 june 2017	180 days from the closing year 31 December 2017
	PT Merck Sharp Dohme Pharma Tbk (SCPI)	90 days from the closing book year 31 December 2017	29 june 2017	180 days from the closing year 31 December 2017
2019	PT Nipress Tbk. (NIPS)	90 days from the closing book year 31 December 2018	29 june 2018	180 days from the closing year 31 December 2018
	PT Tiga Pilar Sejahtera Food Tbk. (AISA)	90 days from the closing book year 31 December 2018	29 june 2018	180 days from the closing year 31 December 2018

The table above shows that in 2017, in the Financial Statements of December 31, 2016, two manufacturing companies experienced delays in the presentation of Financial Statements or what is called audit delay, as can be seen in PT Eterindo Wahanatama Tbk (ETWA) and PT Ratu Prabu Energi Tbk (ARTI), which should have reported the audited financial statements on March 31 (liputan6.com, 2017). Furthermore, in 2018, in the Financial Statements of December 31, 2017, two manufacturing companies experienced delays in the presentation of audited financial statements, namely PT Sunson Textile Manufacturer Tbk (SSTM) and PT Merck Sharp Dohme Pharma Tbk (SCPI), which should have reported the audited financial statements. on March 31 (IDX.co.id, 2018). Most recently, in 2019, in the Financial Statements of December 31, 2018, two manufacturing companies experienced delays

in the presentation of audited financial statements, namely PT Nipress Tbk. (NIPS) and PT Tiga Pilar Sejahtera Food Tbk. (AISA) which should have been reported by the audited Financial Statements no later than March 31, and more than that, it can be called an audit delay (Market.bisnis.com, 2019).

Internal factors can be described as those that come from the company itself and many internal factors that can influence audit delay. Leverage can affect audit completion time, which ultimately affects the period in which a company publishes its audit results in financial statements. High leverage indicates that the company is financially difficult. ([Febrianty 2011](#)). Leverage is deliberated based on the cash ratio to the amount of company assets; the better the result, the higher is the financial cost to creditors and shareholders.

One of the internal factors that can affect delays in an audit is company size. Company size is determined by the total equity sum or the equity held by the company. The size of a company is shown by the overall assets that have a direct effect on the timeliness of the company's fiscal reports. ([Febrianty 2011](#)). Large-scale companies have an upstanding depiction in the public eye, and are usually closely monitored by interested parties. Large companies tend to be under pressure to report financial statements immediately, so they are on time for their delivery. The larger the size of the company, the shorter the audit length. It shows that major organizations have strong corporate management, sufficient personnel, and accounting professionals, as well as advanced information processes that accelerate the reporting of financial statements and can reduce the number of audit delays. ([Murti and Widhiyani, 2016](#)).

Research on Leverage and Company Size on Audit Delay has been carried out, including the research of I Wayan Pion Janartha and Bambang Suprasto H (2016) entitled The Effect of Company Size, the Existence of the Audit Committee and Leverage on Audit Delay, suggesting that company size has a negative effect and leverage does not affect. against Audit delay. Research conducted by Annurizky Muflisha Anggradewi and Haryanto (2014), entitled Analysis of Factors Affecting Audit Delay, suggests that Leverage and Company Size do not have a significant effect on Audit Delay. Meanwhile, different opinions were expressed in a study conducted by Febrianty (2011) on the Factors Affecting Audit Delay, suggesting that Leverage and Company Size affect Audit Delay. The research of Anak Agung Gede Wiryakriya and Ni Luh Sari Widhiyani (2017), entitled The Influence of Company Size, Leverage, Auditor Switching, and Internal Control Systems on Audit Delay, argues that leverage has a significant effect on Audit Delay. Research according to Fauziyah Althaf Amani (2016), entitled The Influence of Company Size, Profitability, Audit Opinion, and Company Age on Audit Delay, suggests that company size significantly affects Audit Delay.

2. Literature review

2.1. Audit

Auditing is a compilation and data review process to assess and document the degree of consistency between the material and the standards that have been defined. The audit must be carried out by qualified and autonomous individuals ([Arens, Auditing & Jasa Auditing, 2015:2](#)). This definition included several keywords and phrases. To conduct an audit, there must be metadata in a verifiable context and a number of guidelines (requirements) that auditors can use to evaluate the information that can and does have many forms.

2.2. Audit Delay

According to [Agoes\(, 2012:4\)](#) explained that the definition of auditing is defined as follows:

"A thorough and comprehensive analysis by an impartial party of the audited financial reports by management, as well as the opening notes and supporting facts, to hand over a belief on the effectiveness of the fiscal reports."

According to [Mulyadi and Auditing, 2013:9\)](#) explained that the definition of auditing is defined as follows:

"In general, Auditing is a structured mechanism for systematically collecting and reviewing information concerning claims on economic practices and events, with a view to ensuring the degree of consistency between such statements and defined standards, as well as the distribution of findings to interested users."

According to Wiwik (2006), audit delay is defined as follows:

" Audit Delay is the execution period of audit as determined from the closing date of the financial year to the completion date of the independent audit report".

Based on Agoes(, 2012:2), audit delay is defined as follows:

"Audit adds additional value to the company's fiscal records and, by the audit conclusion, the public accountant, as a specialist and impartial entity, will have a thought on the fairness of the fiscal circumstances, market performance, adjustments in equity and cash flow statements."

According to Halim (2000), audit delay is defined as follows:

" Audit delay as subtracted from date of close of the budget year to the date of publication of the audit report as the time of completion of the examination."

According to Aryanti and Theresia (2005), audit delay is defined as follows:

"The duration of the audit shall be the period from the conclusion of the audit of the annual financial statements, estimated on the basis of the amount of time required for the preparation of an independent audit report on the annual financial statements, from the closing date of the financial year of the company as of 31 December to the dates given in the report of the audit committee."

Article 7 of the POJK Regulation Number 29/POJK.04/2016 concerning the Annual Report of Issuers or Public Companies in CHAPTER III (Submission of Annual Reports):

1. Issuers or Public Companies are required to submit an Annual Report to the Financial Services Authority no later than the end of the fourth month after the financial year ends.
2. If the Annual Report is available to shareholders before the end of the Annual Report submission period, as referred to in paragraph (1), the Annual Report must be submitted to the Financial Services Authority on the same date as the Annual Report for shareholders.
3. If the Issuer or Public Company obtains an effective statement for the first time in the period after the financial year ends up to the deadline for submitting the Annual Report, as referred to in paragraph (1), the Issuer or Public Company is required to submit an annual report to the Financial Services Authority no later than the Invitation date for the annual GMS (if any).
4. The annual report submitted to the Financial Services Authority, as referred to in paragraph (3), may not comply with the provisions on the form and content of the Annual Report.

(Dyer 1975) divided the three criteria for delay into three (3) types, namely:

1. The preparatory lag is the interval between the end of the monetary year and the date of receipt by the stock market of the preceding income accounts.
2. The signature lag of the actuary, that is, the time between the end of the monetary year and the date specified in the actuary report.
3. Complete lag, that is, from the closing of the monetary year to the date of receipt from the stock market of the annual financial reports.

Knechel and Payne (2001) claimed that the audit interval or audit reporting lag can be differentiated into three types, as follows:

1. Scheduling lag, that is, the time gap between the closing year of the company's book and the beginning of the field audit.
2. Fieldwork lag is the time gap between the start of fieldwork and the time of completion.
3. Reporting lag is the time gap between the end of fieldwork and the date of the auditor's report.

According to (Kartika, 2011) can be formulated as follows:

Audit delay = Audit Report Date - Fiscal Statement Date

2.3. Leverage

The leverage ratio is used to assess the degree to which a company's assets are financed by debt. In other words, how much equity does a company have to pay in relation to its assets? In a general sense, the leverage ratio is used for both short and long steps. This leverage concept is important for investors to consider stock valuations, because investors generally tend to avoid risk. ([Silvia, 2013: 258](#))

Leverage, also known as solvency, in [Respati \(2004\)](#) explains that the leverage or solvency ratio calculates the amount of liquidity of debt-funded firms. Thus, a corporation's willingness to compensate for all its obligations, either short- or long-term, refers to solvency.

According to [Napa \(1999,115\)](#), leverage is divided into two categories:

1. Operating leverage

Operating leverage is a measure of operating risk (operating or business risk), which can be determined from fixed operating costs and can be seen through loss or profit statements.

2. Monetary leverage

Monetary leverage is a determinant of economic risk and can be defined by the fixed financial charges used. High financial leverage will cause high financial risk, so that the cost of capital will be high.

For this reason, the term leverage arises because of the fixed cost of operations and existence of a fixed interest expense from debt.

According to [Febrianty \(2011\)](#), there is a meaningful relationship between leverage and auditing delay. A high debt-to-value ratio indicates that the corporation is in a monetary crisis. Usually, a corporation removes an exposure by postponing the release of its fiscal reports and halting its audit work. This suggests that the corporation has a high level of exposure.

[Kasmir \(2017\)](#) argues that the return on assets is the amount of debt used to assess the amount of gross assets. In other words, most of the company's shares are backed by debt or how much the company's debt affects the management of its assets. Measuring outcomes if the rate increases means that the more fiscal distress, the more difficult it is for the company to gain additional loans, since it is feared that the company will not be able to sustain its debts with its assets. Similarly, if the ratio decreases, a smaller corporation is repaid. The formula for the liability-to-asset ratio is described below:

$$\text{Ratio: DAR} = \frac{\text{Total Debt}}{\text{Total Asset}}$$

2.4. Company Size

According to [Sudarmadji 2007](#)), company size is defined as follows:

"The company size can be described as a proportion to its size or size of the company in a number of respects, including asset value, market capitalization and total revenue."

According to ([Machfoedz, 2004:71](#)), company size can be described as follows:

"The size of the business is categorized into three parts, called large enterprises, micro scale and micro businesses."

Company size is a business with an annual overall net profit of up to a few years for the year concerned. ([Brigham, 2010](#)). Large companies have greater access to external recycling sources. In other words, the opportunity to obtain funding sources through loans is easier because companies with strong capacities are more likely to win contracts or succeed in the market. ([Sugiono, Puspitasari, & Jogi, 2013](#)).

2.5. Framework

[Jensen and Meckling \(1976\)](#) identified the organization's relationship in the organization's theory that there is a contractual relationship within the organization among the agent (management) and the principal (owner). In this case, the agent is arranged by one or more people who employ others to provide the service and then delegate the judgment authority to the advisor. [\(Jensen and Meckling, 1976\)](#). Thus, the principle is the party that mandates the other party, namely the agent, to carry out all the tasks on apparent authority in his capability as an outcome.

Audit delay is strongly connected with timeliness in publishing fiscal reports; if the fiscal reports are not published on time, then the value of the details in the financial reports is sent to the authority of the user with the financial report of the agent, resulting in asymmetrical information. Punctuality is a way to reduce the asymmetry of information and the spread of rumors about the health and performance of a company.

Publishing timely financial statements also affects regulators and policymakers as they play a role in addressing delays in financial statements. It has been officially regulated by The Ministry of Finance and the Department of Finance-LK. On December 31, 2012, the Ministry of Finance and Bapepam-LK were transferred to the OJK. New Regulation on financial reports made by the Financial Conduct Authority, no later than the end of the fourth month after the end of the financial year [\(Financial Services Authority Regulation No 29/POJK.04/16\)](#). The consolidated financial statements must be digitally copied and sent to the financial management regulator's electronic reporting scheme and reported on the public corporation's website. As far as legislation is applied, the inclusion of penalties in the rule suggests the need for regulation. The nature of the regulatory criteria is in accordance with the concept of compliance.

According to [Jensen and Meckling \(1976\)](#), the separation of possession and management of the corporation was one of the factors that triggered the emergence of a conflict of interest, which was then called an agency conflict. This agency conflict incurs agency costs.

2.6. Leverage's Effect on Audit Delay

According to [Febrianty \(2011\)](#), there is a beneficial correlation between leverage and auditing delay. A high debt-to-asset ratio indicates that the company is in financial distress. Usually, a firm eliminates risk by preventing fiscal reports and stopping internal audits. This suggests that the organization is at a substantial stage.

In [Angruningrum and Wirakusuma \(2013\)](#), leverage has a favorable impact on audit delays. A high level of leverage leads auditors to be more careful in obtaining confidence in their financial statements. This causes the audit delay period to increase. [Lestari and Nuryatno \(2018\)](#) also stated that, similar to [Angruningrum and Wirakusuma \(2013\)](#), leverage has a favorable impact on the delay in the audit. [Kurniawan and Laksito \(2015\)](#) stated that companies with high leverage ratios show that the company is in a difficult situation. This will increase auditors' awareness that the possibility of financial statements is less trustworthy, so the company will postpone the release of the financial reports that will appear to stall the assessment process.

2.7. Company Size Impact on Audit Delay

Large-scale companies have a good public image and are usually closely monitored by interested parties. Large companies tend to be under pressure to report financial statements immediately, so they are on time for their delivery. The larger the size of the company, the shorter the audit delay. This indicates that large companies have good internal controls, adequate resources and accounting staff, as well as sophisticated information systems that boost the presentation of fiscal reports and could shorten the range of audit delays. [\(Murti & Widhiyanti, July 2016\)](#)

[Dyer and McHugh \(1975\)](#) conclude that the operations of major corporations are motivated to minimize audit errors, and the postponements in financial reporting incurred by large companies are continuously

monitored closely by analysts, trade groups, and regulatory agencies. In comparison, there is also a shorter audit gap for the scale of the company. Rachmawati (2008) also showed that the size of a company has a major impact on audit delay.

2.8. The Effect of Leverage and Company Size on Audit Delay

Anindyanaridan Murdiyanti, Febrianty (2011) argued in his research that leverage has a massive influence on the delay in auditing. This is demonstrated by the use of liabilities to the debt equity ratio proxy, which represents the difference between the company's debt and total assets, such that, on the basis of the company's ability to fulfill all its commitments, both high and low debts are used for business income. Companies with high debt-to-net leverage ratios claim that the corporation is in a difficult fiscal position. This would raise the loss of the company in such a manner that auditors increase their fear that the likelihood of financial reporting is less credible, such that the corporation reverses the outcome of fiscal reports and ceases audit work. Putra (2016) indicates that the degree of leverage has a positive impact on audit delay. This is because high-debt businesses appear to slow down the delivery of their financial reports to reduce borrowing ratios as low as those with little to no debt.

According to Machfoedz (1994) in Widaryanti (2009), the capital structure is a scale in which small, big businesses can be categorized in various ways (total leverages, the size of log, the value of stock market, and others). The research findings conducted by Wiryakriyana (2007) stated that the company size possesses a major impact on the postponement in the audit. Due to the larger company, the number of samples to be obtained by auditors, and the scope of audit practices against big corporations. To ensure that the auditors' degree of prudence to be evaluated results, auditors' diligence would result in gaps in the distribution and release of the financial statements to the public to prolong the pause in the audit.

2.9. Research Hypothesis

Based on the interpretation of the reasoning process and the paradigm of previous studies, the study hypothesis is suggested as a temporary response to the formulation of this research problem as follows:
Ha1: Leverage affects the delay in auditing of the manufacturing companies listed in IDX (2016-2018)
Ha2: The company size affects the audit postponements in manufacturing companies listed in the IDX (2016-2018)

Ha3: Leverage and Company Size affect audit delay in manufacturing companies registered with IDX (2016-2018)

3. Research methodology

This type of research was based on descriptive and verification methods. The descriptive method is research with the aim of obtaining a description or description of the characteristics (certain variables) of an object that is a concern of this research activity (Nuryaman and Veronica, 2015:6). The verification method, often referred to as the causal method, is a study in which a researcher finds the cause of one or more problems (Sekaran & Bougie, 2017). The sampling technique used was purposive judgment sampling. Purposive Judgment Sampling uses samples that are truly specific and known to the researcher; therefore, research does not depend on how large the sample is drawn from the population, but emphasizes the information obtained from the population, the clarity of the nature of the population, and the adequacy of the number of samples needed by the tool. the test was used. The sampling process must first determine the criteria, types, and characteristics of the individual or company that will become the population (Edison, 2018).

Secondary data were the types of data used in this analysis. This analysis used a specimen of the fiscal reports of manufacturing companies listed on the Indonesian Stock Exchange (IDX) for the period 2016 to 2018. A population that has been identified and restricted by researchers if it is known and the data collected by all its members are included in the list, then the list of members of the community is called the sampling system. The parameters for the collection of samples in this analysis were:

1. The manufacturers outlined the Indonesian Stock Exchange (IDX).
2. The Company was consistently outlined on the Indonesia Stock Exchange (IDX) from 2016 to 2018.

3. Manufacturing companies that issued audited monetary remarks in the year ended December 31, 2016-2018.
4. Companies that use rupiah currency in monetary remarks.

A sample of 16 companies engaged in manufacturing was outlined on the Indonesia Stock Exchange (IDX) for the period 2016 – 2018.

Table 2. Sample List of Manufacturing Companies Listed on Indonesia Stock Exchange Year 2016 - 2018

No	Stock Code	Company Name
1	INTP	Indocement Tunggul Prakarsa Tbk
2	SMGR	Semen Indonesia Tbk
3	KIAS	Keramika Indonesia Assosiasi Tbk
4	BRPT	Barito Pasific Tbk
5	BRNA	Berlina Tbk
6	CPIN	Charoen Pokphand Indonesia Tbk
7	JPFA	Japfa Comfeed Indonesia Tbk
8	ASII	Astra International Tbk
9	MRAT	Mustika Ratu Tbk
10	GGRM	Gudang Garam Tbk
11	HMSP	H.M Sampoerna Tbk
12	KAEF	Kimia Farma Tbk
13	KLBF	Kalbe Farma Tbk
14	UNVR	Uniliver Indonesia Tbk
15	INDF	Indofood Sukses Makmur Tbk
16	NIKL	Pelat Timah Nusantara Tbk

A multiple regression model is applied to analyze the impact of independent variables, that is, the control and scale of the business, on the allocated audit-dependent variables. The regression models developed in this study are as follows.

$$Y = \alpha + \beta X_1 + \beta X_2 + \epsilon$$

Description:

Y = Audit Delay

A = Constant

β = Regression coefficient of each variable

X₁ = Variable Leverage

X₂ = Company Size Variable

ϵ = Error term

4. Result and Discussion

4.1. Normallity Test

Conformity examination was applied to verify whether the regression analysis was naturally distributed. The tests were conducted using a single-sample Kolmogorov–Smirnov empirical examination, where the usually distributed results would yield a significance value > 0.05 (Ghozali, 2016). The experimental outcomes are presented in the following table:

Table 3

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		48
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	13.78643996
Most Extreme Differences	Absolute	.099
	Positive	.072
	Negative	-.099
Test Statistic		.099
Asymp. Sig. (2-tailed)		.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		

As shown in Table 3, the importance value was 0.200. Since the meaningful value produced by Kolmogorov Smirnov is more than or 5% (the actual degree of analysis relevance) that is $(0.200 > 0.05)$, it can be argued that H_0 obtained or exponentially distributed residual; in other words, the regression model is worth using because it follows the normality assumption.

4.2. Heteroscedasticity Test

The intention of the heteroscedasticity test is to test whether there is a difference between the regression model and the conditional measurement of another observation. In a balanced regression model, there is no evidence of homoscedasticity or heteroscedasticity. One way to confirm the presence or lack of heteroscedasticity is to visualize a scatterplot diagram. The heteroscedasticity experimental findings obtained using the scatterplot graph are described below.

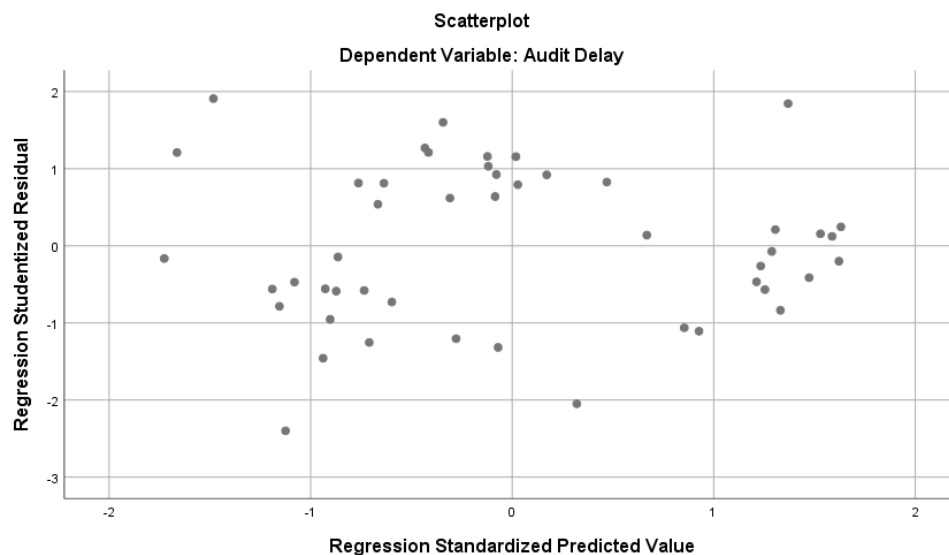


Figure 1: Heteroskedastisity Test Results

The scatter plot test results in figure 1 show that there is no simple trend, and dots scatter from below 0 to above 0 on the Y-axis.

4.3. Multicollinearity Test

The goal of multicollinearity testing is to assess whether a relationship exists between the free variables in the regression model. A powerful regression analysis cannot be applied to free variables. Multicollinearity can be seen in the sensitivity and average inflation fluctuations (VIF). The VIF value was 10 and the tolerance value was 0.1. If the VIF value is higher than 10 and the tolerance value is less than 0.1, multicollinearity exists, and the regression model cannot be used. The estimation of the tolerances and VIF values are listed in Table 4.

Table 4. Multicollinearity Test Results

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Leverage	1.000	1.000
	Company Size	1.000	1.000
a. Dependent Variable: Audit Delay			

The table above shows that the free variables used in this study did not show any symptoms of multicollinearity. Therefore, this regression model is suitable for hypothesis testing.

4.4. Autocorrelation Test

This experiment was intended to verify whether there was a time-ordered association among the sample participants in a linear regression model. A successful regression model is free of self-correlation. Checking whether the correlation can be achieved by testing the values of the Durbin Watson. The Autocorrelation Test Findings are shown in Table 5.

Table 5. Durbin-Watson Auto Correlation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.477 ^a	.228	.193	12.55447	1.945
a. Predictors: (Constant), Leverage, Company Size					
b. Dependent Variable: Audit Delay					

Table 5 illustrates that the value of Durbin-Watson(DW) using the Cochrane Orcutt method is 1,945. The values du and dl are found in the Durbin-Watson table value distribution based on k(2) and N (48) with a significance of 5%; hence, $dl(1.4500) < dw(1.945) < 4du(1.1)$. 6231) means the dw value (1.949) must be above dL (1.4500) and must be below the dU value ($4-1.6231= 2.3769$), it is concluded that there is no autocorrelation of variables.

4.5. Study of Multiple Linear Regression

Regression analysis is applied to specify the existing relationship between variables so that one variable can be estimated from the relationship obtained if the price of the other variable is known. The regression model equation used by the author was a multiple linear regression model equation. The regression equation model is presented below using multiple linear regression analysis as follows:

Table 6. Multiple Linear Regression Analysis Result

Coefficients ^a				
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	138.455	37.287		3.713	.001
	Leverage	-41.910	11.623	-.467	-3.606	.001
	Company Size	-1.596	1.214	-.170	-1.315	.195
a. Dependent Variable: Audit Delay						

Based on Table 6, the regression model equation is obtained as follows:

$$\text{Audit Delay} = 138,455 - 41,910\text{Lev} - 1,596\text{Size}$$

This model can be interpreted as follows:

1. The value of a (constant) in the test results above is 138,455, which means that if the independent variable (leverage and company size) is constant, then the audit delay action will increase by 138,455. A constant value of 138,455 indicates the pure value of the audit delay variable (dependent) without being affected by independent variables.
2. The coefficient of leverage regression is -41,910, which means that each increase in the leverage variable by one unit decreases audit delay by -41,910. A negative coefficient indicates no positive relationship between leverage and audit delay.
3. The business size regression coefficient is -1,596, which proves that any improvement in the company size component by one unit would reduce the audit period by -1,596. A negative coefficient means that there is no positive correlation between the scale of the corporation and the delay in the audit.

4.6. Partial Hypothesis Test

After testing the data collected from Table 6, the following hypotheses were tested:

1. The Leverage variable has a value of -3,606 with a table of 2,014 and a value of 0.001 with a value of 0.05. Thus, the Hypothesis (Ha) which reads, "Leverage affects Audit Delay in Manufacturing Companies registered with IDX in 2016-2018" has been obtained and its direction is negative. The findings of this analysis reveal that leverage is dominant and relevant to Audit Delay.
2. The company has a size of -1,315 with a total value of 2,014 and a significance value of 0,195 at a statistical significance of 0,05. Thus, the hypothesis (Ha) that reads, "The size of the company impacts the Audit Delay in Manufacturing Companies listed in the IDX in 2016-2018" is rejected. The findings of this analysis indicate that the scale of a group does not impact audit delays.

4.7. Simultaneous Hypothesis Test

Simultaneous effect measures were used to assess whether independent variables impacted dependent variables together or simultaneously. The findings of the F-test in the analysis can be found in the following table:

Table 7. Simultaneous Hypothesis Test Result

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2925.568	2	1462.784	7.369	.002 ^b
	Residual	8933.099	45	198.513		
	Total	11858.667	47			
a. Dependent Variable: Audit Delay						
b. Predictors: (Constant), Company Size, Leverage						

Based on the findings above, the value of F_{hitung} is 7,369 and the value of Sig in table ANOVA is 0.002. F_{hitung} value we compare with F_{tabel} that has been calculated is 3.20 and it appears that the value of F_{hitung} is greater than F_{tabel} which states H_a or additional assumptions used are accepted. The second approach was to compare the meanings of sig. The meaning of sig can be found in the ANOVA table, with a

significance value of 0.002. The value in the ANOVA table was less than the stated significance value of 0.05. This can be interpreted from the findings of the study that alternate theories have been approved.

4.8. Determination Coefficient Test (R²)

The coefficients of the determination test are used to calculate the degree to which the model is capable of describing independent variable differences in the dependent variables. The coefficient of the decision is between zero and one. The results of the estimation of the coefficient of determination (R²) are shown in Table 8.

Table 8. Determination Coefficient Test Result (R²)

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.497 ^a	.247	.213	14.089
a. Predictors: (Constant), Company Size, Leverage				
b. Dependent Variable: Audit Delay				

This table illustrates R-squared tilapia at 0.247 or 24.7 per cent. This indicates that 24.7% of the dependent variables can be described by independent variables, while the other 75.3% are explained by other variables that are not used in the regression model of this analysis. It can also be inferred that the company's Leverage and Scale have an impact of 24.7% on the Delay of the Audit.

4.9. Leverage Effect on Audit Delay

The Leverage element has a t_{hitung} of -3,606 with a t_{tabel} of 2,014 and a rate of 0,001 at a consequence level of 0,05. Thus, the Hypothesis (Ha) which reads, "Leverage affects Audit Delay in Manufacturing Companies registered with IDX in 2016-2018" has been obtained and its direction is negative. The findings of this study indicate that leverage is influential and relevant to delays in auditing. Auditors also require more time to complete the audit process. Leverage is used to calculate the degree to which a business's properties are funded by debt. If the share of a company's liability is higher than its assets, it is likely to result in losses and improve auditors' prudence in audited financial statements. The care of auditors in completing audits of financial statements will result in financial statements experiencing delays in submission to the public to prolong the delay of the audit.

The present study's findings are in line with the findings of [Febriyanti \(2011\)](#), [Wariyanti \(2017\)](#), [Wiryakriyana \(2017\)](#), and [Puspitasari \(2014\)](#), who found that leverage is influential and significant to Audit Delay.

4.10. Effect of Company Size Due to Audit Delay

Based on the t-test results, the size indicator of the business is -1,315 t_{hitung} , with a t_{tabel} of 2,014 and a significance rate of 0,195 at a consequence level of 0,05. Thus, the hypothesis (Ha) that reads, "The company size impacts the Delay of Audit in Recorder Manufacturing companies in the IDX in 2016-2018" is denied. The results of this study show that the size of the company does not affect the audit delay. This result did not find an influence of company size on audit delay in this study because all other firms listed on the Indonesian Stock Exchange are regulated by founders, capital managers, the government, and the people, so that companies with large and small total assets have the same possibility of facing pressures over the delivery of financial statements. Furthermore, company size does not affect the length of the audit because regulators are competent and conform to the audit requirements governed by the [IAI](#), irrespective of the size of the audit firm. The company size affects the conduct of the audit but does not have a substantial effect on the completion of the analysis by the auditor. ([Wiryakriyana 2017](#)).

The following findings by [Putro \(2017\)](#) and [Wiryakriyana \(2017\)](#) found that company size proxied with cumulative assets does not influence audit delay.

4.11. Influence of Leverage and Company Size Tapped by Audit Delay

Based on the hypothetical test data, a F_{hitung} value of 7,369 and a sig value were obtained. In the ANOVA table, 0.002. We equated the F_{hitung} value with the F_{tabel} that has been determined to be 3.20, and it appears that the F_{hitung} value is higher than the F_{tabel} , which means that the H_a or alternate hypothesis used is agreed upon. The second approach was to compare the meanings of sig. The value in the ANOVA table was less than the stated relevant value of 0.05. This can be interpreted from the findings of the study that alternate theories have been approved. Thus, it can be argued that there is an effect on the dependent variables between the independent variables. [Putra \(2016\)](#) shows that the level of leverage has a positive effect on audit delays. This is because companies with high debt tend to slow down the submission of their financial reports to reduce the level of leverage to the lowest level compared to companies that have less debt or have no debt. The research results from [Wiryakriyana \(2017\)](#) suggest that company size has a positive effect on audit delay. The bigger the company, the more samples must be taken by the auditor and the extent of the audit procedures for large companies. This results in a level of auditors' caution regarding the financial statements to be audited. Auditors' caution will result in delays in submitting and publishing financial reports to the public, which will prolong audit delays.

This is in line with Febriyanti's (2011) study, which states that company size and leverage simultaneously affect audit delays.

5. Conclusion

The goal of this analysis is to determine the importance of Leverage and Company Size on the Audit Delay on Listed Manufacturing firms on the Indonesian Stock Exchange (IDX) in 2016-2018. The researchers thus inferred the following based on the findings of the analysis:

1. Leverage (X1) has a negative and substantial implication on Audit Delay for manufacturing firms listed on the Indonesian Stock Exchange (IDX) during 2016-2018. Leverage is the ratio of the severity to which a company's assets are expected to be paid. If the share of a company's liability is higher than its assets, it is likely to result in losses and improve auditors' prudence in audited financial statements. The care of auditors in conducting audits of financial accounts will result in delays in issuing financial statements to the public in prolonging the delay in auditing.
2. Company Size (X2) does not impact Audit Delay for manufacturing firms listed on the Indonesian Stock Exchange (IDX) in 2016-2018. These findings did not detect the impact of the company's scale on delays in the audit. This finding is not influenced by the fact that all firms listed on the Indonesian Stock Exchange are regulated by regulators, capital supervisors, the government, or the media, meaning that companies with large and small total assets have the same potential to face pressure on the distribution of financial statements. Furthermore, company size does not influence the length of the audit because auditors are competent and conform to the audit requirements as governed by the [IAI](#), regardless of the size of the audited company. The size of the business will affect the conduct of the audit, but would not have a substantial effect on the conclusion of the investigation by the auditor.
3. Corporate Leverage and Size have a major impact on audit delays in manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2016 – 2018.

5.1. Limitation and study forward

The present study has several limitations.

1. The variables studied consisted of only two independent variables: leverage and company size. There is only one dependent variable: audit delay.
2. The collection of data for this company was based only on companies registered with the IDX in 2016-2018.
3. This study focuses only on manufacturing companies.

The present study offers several suggestions.

1. For the company
For manufacturing companies listed on the Indonesia Stock Exchange, company management can make efforts to minimize audit delays and further improve internal control and supervision.

2. For further researchers

For further research, it would be even better if it expanded on other factors that are thought to have an influence on audit delay and conducted research in different types of industries to obtain a larger sample and obtain better conclusions.

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