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The Effect of Implementation of IFRS 17 Accounting Standards on Audit Delay in Insurance Companies Listed on the Indonesia Stock Exchange

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Abstract: The effect of IFRS 17 implementation on audit delay in insurance companies listed on the Indonesia Stock Exchange. Audit delay, which can affect the quality of financial statements, is expected to increase due to new complexities in insurance contract accounting. The objective is to understand how IFRS 17 impacts the completion time of the audit process. The dependent variable is audit delay, while the independent variables include operational complexity, profitability (ROA), and financial statement presentation. The results of the analysis show that operational complexity and profitability have no significant effect on audit delay, with significance values of 0.225 and 0.105, respectively. In contrast, the quality of financial statement presentation has a significant effect (0.036), affecting the efficiency of the audit process. This finding emphasizes the importance of improving the quality of financial statements to minimize audit delay. The conclusion is that operational complexity and company profitability have no significant effect on audit delay. In contrast, the quality of financial statement presentation has a significant effect. Good reports make it easier for auditors and speed up the audit process. Poor report quality slows down verification and evidence collection, increasing audit delay.
Keyword: Audit Delay, Financial Statement Quality, IFRS 17, Insurance Companies, Operational Complexity, Profitability

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1. INTRODUCTION

Audit is a process in which a competent and independent person collects and evaluates evidence related to measurable information about an economic entity. The purpose of this process is to determine the extent to which the information is in accordance with established criteria, and then report the results of the evaluation (Ode et al., 2019). Audit delay is the length of time required to complete the audit process and issue the audit report. Audit delay is one of the factors that can affect the quality of financial reports. Audit delays that are too long can reduce the trust of financial report users in the information presented. Prolonged audit delays can cause various problems, such as losses for investors who cannot access accurate and timely financial information, losses for companies whose image is tarnished due to delays in submitting financial reports and losses for auditors who can be sanctioned by the Financial Services Authority (OJK). The implementation of the latest audit standards can affect audit delay. Delays in the audit process not only have the potential to cause negative reactions from the market and uncertainty for company owners but can also result in losses for users of the financial reports, including investors, creditors, the public, the government, and other parties who use financial reports as a basis for decision making (Ruchana & Khikmah, 2020). The latest audit standards usually contain changes or new requirements that can increase the complexity of the audit process. This can cause the auditor to need more time to complete the audit process.

Insurance companies are one type of company that plays an important role in a country's economy. Insurance companies provide various products and services that can protect people from financial risks, such as life, health, and property risks. In order to improve the transparency and consistency of insurance company financial information, the International Accounting Standards Board (IASB) issued a new accounting standard called IFRS 17.

International Financial Reporting Standard IFRS 17 (Insurance Contracts) was issued on 18/5/2017, replacing IFRS 4. Insurance companies must apply IFRS 17 for annual periods beginning on or after 1/1/2021, and the standard is postponed to be applied on 1/1/2023. The standard can be applied before that date if the company also applies IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from contracts with clients) at the same time (IFRS Foundation, 2020). IFRS 17 is an accounting standard that governs the recognition, measurement, and presentation of insurance contracts. This standard will be applied by insurance companies listed on the Indonesia Stock Exchange (IDX) starting in 2023. IFRS 17 is expected to have a significant impact on financial reporting in the insurance sector, especially since IFRS 4 allows different accounting treatments to be followed; The new treatment to be implemented by IFRS 17 will require preparation in various aspects such as software, risk management, accounting and tax laws, instructions, and regulations and legislation. This will also create challenges that need to be faced, such as first-time implementation, conceptual challenges, and challenges related to the measurement approach. During the time lag between the issuance of the standard and its implementation date, companies should make certain requirements related to systems, employees, processes, and data, in order to apply the standard correctly.

IFRS 17 introduces a more complex approach to accounting for insurance contracts compared to the previous standard, IFRS 4. This change can have an impact on the audit delay of insurance companies, both positively and negatively. This approach requires insurance companies to assess and measure insurance contracts more carefully. This can cause auditors to take longer to understand and evaluate insurance contracts.

IFRS 17 can increase the complexity of insurance companies' financial statements. This is due to significant changes in the accounting methods applied. These changes can make it difficult for auditors to understand and analyze insurance companies' financial statements. In addition, IFRS 17 can also increase audit risk. This is due to the uncertainty in the application of the standard. This uncertainty can cause auditors to take longer to complete the audit. Therefore, IFRS 17 can increase audit delays in insurance companies. However, the effect of IFRS 17 on audit delays can be reduced by improving the quality of internal control and auditor capabilities.

Complexity of calculation: IFRS 17 introduces new methods for calculating the fair value of insurance liabilities and insurance assets. This can make the calculations more complex and time-consuming, slowing down the audit process. Uncertainty assumptions: FRS 17 requires the use of more complex and subjective assumptions, including discount rates and risk-free curves. The uncertainty surrounding these assumptions can take a long time for the auditor to verify them, slowing down the audit process. Changes to the audit process: IFRS 17 requires changes to the audit process to meet the new requirements. As a result, it takes time for the auditor to adapt to the new process, which can slow down the audit process. Changes to the audit process: IFRS 17 requires changes to the audit process to meet the new requirements. As a result, it takes time for the auditor to adapt to the new process, which can slow down the audit process. Changes to the audit process: IFRS 17 requires changes to the audit process to meet the new requirements. As a result, it takes time for the auditor to adapt to the new process, which can slow down the audit process.

Problem Formulation Does the operational complexity of the company due to the implementation of IFRS 17 have a significant effect on audit delay in insurance companies listed on the Indonesia Stock Exchange? Does the change in the profitability of insurance companies due to the implementation of IFRS 17 have a significant effect on audit delay in insurance companies listed on the Indonesia Stock Exchange? Does the change in the presentation of insurance company financial statements due to the implementation of IFRS 17 have a significant effect on audit delay in insurance companies listed on the Indonesia Stock Exchange? The purpose of this study is to analyze in depth the effect of the implementation of IFRS 17 accounting standards on audit delay in insurance companies listed on the Indonesia Stock Exchange. This study aims to provide clearer insight into the relationship between complexity, profitability, and presentation of financial statements after the implementation of IFRS 17. This study is different from previous studies that generally do not focus on the specific impact of IFRS 17, or which only cover certain aspects of audit delay.

By integrating the analysis of complexity, profitability, and presentation of financial statements comprehensively, this study is expected to provide a significant contribution to the understanding of how this new audit standard affects insurance companies in Indonesia. Thus, the results of this study are expected to be an important reference for auditors, insurance companies, regulators, and academics in understanding and managing audit delays that may arise due to the implementation of IFRS 17.

2. LITERATURE REVIEW

Signaling Theory

The signal theory was first proposed by Spence (1973) as quoted byJafar (2014:13). This theory states that companies with superior performance (good companies) send signals to the market. Spence (1973) showed that the cost of sending signals is higher for bad news than for good news. According to Brigham and Houston (2001) in Halim (2000), they explain how a company should give signals to users of financial statements. The signals given by the company can be in the form of financial information contained in the financial statements. This information is useful in making economic decisions. Information is said to provide a positive signal if it can trigger a market reaction, such as changes in stock prices or abnormal returns. However, if the information has a negative impact, then the information is considered a negative signal.

Based on this theory, the announcement of financial statements or audit reports is important information that can influence the decision-making process. In an effort to increase the value of their shares on the Indonesia Stock Exchange, companies tend to want to provide signals that are well received by potential investors. One way to increase the value of stock prices is to submit financial statements and annual reports on time, as mentioned by Leland and Pyle (1997) in Sulistyo (2010). The length of the audit delay can cause uncertainty in stock price movements (Wiwik, 2006:24). Investors can interpret the length of the audit delay as a sign that the company has bad information or news, which is considered a negative signal because the company does not immediately publish its financial statements. This can have an impact on the decline in the company's stock price.

Compliance Theory

Compliance means liking to obey orders, obeying the government or rules, and being disciplined according to the General Dictionary of the Indonesian Language. Compliance has a full meaning, obedience, submission, and compliance with teachings or regulations. The demand for compliance with the timeliness of the submission of annual financial reports of public companies in Indonesia is regulated in Law Number 8 of 1995 concerning the capital market, as well as Bapepam Regulation Number XK2, Attachment to the Decree of the Chairman of Bapepam Number KEP-431/PM/2012 concerning the Obligation to Submit Periodic Financial Reports. These regulations legally indicate the importance of compliance of individuals and organizations (public companies) involved in the Indonesian capital market to submit the company's annual financial reports on time to Bapepam.

In relation to compliance with financial statements, IAI regulates that companies listed on the Indonesia Stock Exchange are required to implement financial reporting standards, which are currently the implementation of IFRS (International Financial Reporting Standards). This is in accordance with the compliance theory. Compliance theory has been studied in the social sciences, especially in the fields of psychology and sociology, which emphasize the importance of the socialization process in influencing individual compliance behavior. According to Tyler in (Zakiy, 2017:14), there are two basic perspectives on legal compliance, namely the instrumental perspective and the normative perspective. The instrumental perspective assumes that individuals are driven by self-interest and respond to incentives, while the normative perspective deals with what people consider moral and contrary to their self-interest. Compliance theory can encourage someone to comply with applicable regulations, and the same applies to companies that strive to submit financial reports on time. This is also very useful for users of financial reports (Sulistyo, 2010:26).

IFRS 17

The issuance of IFRS 17 is intended to enable insurance companies in every country to calculate insurance contracts in the same way and in a way that is easy for investors to understand (Al-Mohammadi & Al-Mashhdani, 2021). Firmansyah (2019) stated that the IFRS convergence carried out in Indonesia has not had an optimal impact on improving company financial reports. Sinatra et al. (2022) stated that IFRS convergence in Indonesia is able to increase the relevance of financial reports and become the basis for investor decision making.

One of the convergences of IFRS to PSAK is the issuance of PSAK 74 which is the adoption of IFRS 17. PSAK 74 is a PSAK that will regulate insurance contracts and will replace PSAK 28: Loss Insurance Contracts, PSAK 36: Life Insurance Contracts, and PSAK 62: Insurance Contracts, which will be effectively implemented in 2025, but implementation will begin in early 2023 (Indonesia, 2020). Insurance contracts are products offered by insurance companies for nonlinear payments with the aim of transferring risk from the policyholder to the insurance company (Chen et al., 2019). In PSAK 74 insurance companies can only recognize income in the form of changes in premium reserves and Contractual Service Margin (CSM). The calculation of Contractual Service Margin will use the Building Block Approach model where the recognition of income from insurance contracts must be adjusted to the contract period, so that the insurance company's income will be constant but smaller compared to the recognition of income according to PSAK 62 (Martani et al., 2021).

Based on the research mentioned, the issuance of IFRS 17 aims to allow insurance companies in each country to calculate insurance contracts in the same way and be easily understood by investors. Although IFRS convergence in Indonesia has not had an optimal impact on improving the company's financial statements, the convergence is able to increase the relevance of financial statements and become the basis for investor decision making.

One of the convergences of IFRS to PSAK is the issuance of PSAK 74 which regulates insurance contracts and will replace several PSAK related to insurance contracts. PSAK 74 will be effectively implemented in 2025 with implementation

starting in early 2023. In PSAK 74, insurance companies can only recognize revenue in the form of changes in premium reserves and Contractual Service Margin (CSM). The calculation of Contractual Service Margin uses the Building Block Approach model which requires the recognition of revenue from insurance contracts to be adjusted to the contract term. This can result in the insurance company's revenue being constant but smaller compared to revenue recognition according to the previous PSAK. Thus, the issuance of PSAK 74 as an adoption of IFRS 17 is expected to improve consistency and understanding in calculating insurance contracts and provide more relevant information for investors in decision making.

Financial Report Delay (Audit Delay)

According to Darmawan (2021), audit delay refers to the time required for auditors to complete the audit report on the performance prepared by a company's management in the financial statements, starting from the end of the company's fiscal year until the audit results are published. Audit planning needs to be carried out by auditors in order to obtain competent evidence, thereby reducing audit costs to a reasonable amount and optimizing the use of time in the audit process. In accordance with Financial Services Authority Regulation Number 14/POJK.04/2022 concerning Submission of Periodic Financial Reports by Issuers or Public Companies as referred to in Article 4, annual financial reports must be submitted to the Financial Services Authority (OJK) and announced to the public no later than the end of the third month after the date of the annual financial report.

The length of time required to complete an audit can affect the quality of the audit produced. If the audit is delayed for a long time, the company may suffer losses. The process of updating financial statements that takes a long time can cause a protracted audit delay. This can result in the auditor being considered less competent and experienced in solving the problems that arise. Therefore, the length of the audit time can affect the quality of the audit performed by the auditor (Hutajulu, 2023). If there is an undue audit delay or a high level of Audit Delay, this may indicate that the audit quality is low. In this case, the information generated from the audit may lose its relevance. Therefore, the company's management needs to consider the balance between timely reporting and the reliability of the information generated (Stiawan et al., 2022).

Hypothesis Development

Company Operational Complexity

One factor that can hinder the company's audit process is the complexity of its operations. The larger the company, the more extensive the asset management that must be carried out. To ensure that audits are carried out on time, companies need to pay attention to the risks associated with managing all of their assets (Primastiwi, 2017). The complexity of a company's operations can have a negative impact on the timeliness of reporting annual financial statements to the Indonesia Stock Exchange, which will ultimately give a negative signal to the company's shareholders. This phenomenon is in accordance with agency theory, which states that the audit duration will increase in line with the growth of company size because larger companies provide more information and face higher agency costs.

Thus, it can be hypothesized that the more complex the company's operations, the greater the likelihood of delays in reporting annual financial statements. This allows the author to state the following hypothesis.

H1: The complexity of company operations influences audit delay

Company Profitability

According to the accounting standards currently in force in Indonesia, insurance companies are required to report profits directly from the first day the policy is closed. The amount of profit is determined by the method of calculating liabilities or reserves used. In Indonesia, the method of calculating liabilities includes all cash outflows (except profit margin) and cash inflows (gross premium) in its calculation. Therefore, most of the expected profit or loss when a policy is closed is recognized initially. The profit or loss that occurs afterward is the result of the difference between expected claims and costs and their actual realization, as well as changes in assumptions and discount rates. All are recognized directly in the financial statements.

Under IFRS 17, the expected profit when an insurance policy is closed and the impact of changes in assumptions and deviations between expectations and actuals (only related to the investment component) are not recognized directly. Instead, this is amortized through a liability component called the Unrecognized Contractual Service Margin (CSM), which is the unrecognized profit margin. When an insurance policy is closed, what is recognized directly is the gain or loss resulting from the deviation between the expected insurance claims and costs and the actual realization, as well as the impact of changes in the discount rate. If a policy is expected to generate a negative margin (loss) at the beginning of the closure, this is also recognized directly.

However, there is an option in IFRS 17 to recognize part of the impact of the discount rate change in other comprehensive income items and not entirely in profit or loss as is usually the case today. Therefore, with the implementation of IFRS 17, it is expected that the amount of profit or loss will become more stable and its volatility will be reduced from year to year, because most of the impact of changes and deviations will be amortized gradually. This allows the author to state the following hypothesis.

H2: Company profitability influences audit delay

Presentation of Financial Statements

If IFRS 17 is implemented, the appearance of the comprehensive income statement will undergo significant changes compared to the current reporting model. However, this change is in line with the form of reports commonly used in other similar industries, such as banks or securities companies. In the report, insurance premiums are no longer presented in the comprehensive income statement. Income will be categorized into three main sections: Insurance Result, Investment Result, and Other Comprehensive Income. The Insurance Result section will include items such as Insurance Revenue, which is the expectation of claims and costs allocated in the current period (except claims originating from investment components), amortization of acquisition costs, release of risk margin, and amortization of profit margin or recognition of loss margin.

This section will be reduced by Insurance Service Expense, which includes actual claims incurred, costs, and amortization of acquisition costs.

Meanwhile, the investment result will consist of actual investment income minus Insurance Finance Expense. This section includes interest expense on liabilities and profit margin, including gains or losses from changes in discount rates. Thus, this change will provide a report display that is more in line with the insurance industry, and in line with reporting practices in other similar industries, such as banks or securities companies. This allows the author to state the following hypothesis.

H3: The presentation of insurance company financial reports affects audit delay

3. RESEARCH METHOD

Types of Research

This type of research is descriptive research with a quantitative approach. Descriptive research aims to analyze the effect of the complexity of IFRS 17 implementation, company profitability, and presentation of financial statements on audit delay in insurance companies listed on the Indonesia Stock Exchange. A quantitative approach is used to enable objective measurement and analysis of the relationship between variables.

Data Types

This study uses secondary data. Secondary data is a type of data that has been collected by other parties for other purposes and can be reused for other research or analysis. The source of this secondary data includes annual financial reports, from insurance companies for the period 2023. All of this information was obtained from the official website of the Indonesia Stock Exchange at www.idx.co.idAndwww.ojk.go.id.

Population and Sample

Sugiyono defines population as a generalization area in research. This area includes objects or subjects from which conclusions can be drawn (Hutapea & Ghozali, 2022). In this study, the population used is all insurance companies listed on the Indonesia Stock Exchange for the 2023 period based on Annual Report data.

Sugiyono said that a sample is a small number in a population and is considered to represent it (Hutapea & Ghozali, 2022). This study takes samples from the time span of insurance companies' financial reports in 2023 covering the period after IFRS 17 was implemented.

Operational Definition of Research Variables

Dependent variable (Y)

Sugiyono (2019:69) explains that "Dependent Variable" has several other names, such as output variable, criteria, consequences, or in Indonesian it is called a dependent variable. A dependent variable is a variable that is influenced or becomes a result of another variable, which is called an independent variable. In this study, the dependent variable used is audit delay (Y).

Audit Delay (Y)

Audit delay is the time span for completing the implementation of the annual financial report audit. This audit delay is measured using the following calculation:

ARL = Audit Report Date – Company Closing Date .....(1)

Independent Variable (X)

Independent Variable has several other names, such as stimulus variable, predictor, and antecedent. In Indonesian, this variable is known as the independent variable. The independent variable is a variable that influences or causes changes or the emergence of the dependent variable (bound) ((Sugiyono, 2019:69). The independent variables used in this study are Company Operational Complexity (X1), Company Profitability (X2), Presentation of Company Financial Reports (X3).

Company Operational Complexity (X1)

Company complexity is an important factor that auditors consider before conducting an audit. This is due to the formation of departments and division of work that focuses on different units within the company. Company complexity is related to the complexity of transactions that occur in the company. In this study, company complexity is indicated by the number of subsidiaries and branches owned by the client company (Lomé, 2022). The number of subsidiaries can be found through the financial report in the notes to the financial report.

Insurance Company Profitability (X2)

Profitability reflects the company's capability in generating or achieving profit effectively and efficiently. To evaluate how well a company is generating profit, we can use the profitability ratio. This profitability ratio is used to measure the company's ability to generate profit. The profitability ratio used in this study is return on assets (ROA). This ratio is used to evaluate the company's ability to generate profit by utilizing all of its assets.

$$\text{Return on Assets} = \frac{\text{Net Profit}}{\text{Total Asset}} \times 100\% \quad \text{.....(2)}$$

Presentation of Company Financial Reports (X3)

Increasing the timeliness in completing financial reports can improve the relevance and quality of information disclosed in the financial reports. Timeliness in preparing and completing financial reports has a direct impact on the value of the financial reports, because financial reports are used to evaluate a company's performance. To assess timeliness, it can be seen from the date listed in the audit report. This variable can be measured using the dummy method, where companies that exceed the audit completion deadline for more than four months are given a code number one (1), while companies that complete the audit in less than four months or before the audit completion deadline are given a code of two (2).

Data Analysis Methods

Data analysis techniques are a series of methods and procedures used to analyze data that has been collected in research. The purpose of data analysis is to gain insights, identify patterns, test hypotheses, and conclude relevant findings from the available data.

Classical Assumption Test

Normality Test

According to Alfian and Nurmala (2020), the normality test is a statistical technique used to determine the variance of data in a set of variables (i.e. whether the variance of a data is normally distributed or not), using a graphical representation such as a PP Plot.and the Kolmogorov Smirnov test to verify the normality of a given data set.Normal data will be able to follow the diagonal arc and dissect it smoothly.On the other hand, the normality test using the Kolmogorov - Smirnov method shows a normal sample if the Asymp. Sig. (2-tailed) value > 0.05. If the Asymp. Sig. (2-tailed) value < 0.05 then the data is not normally distributed.

Regression Analysis

Regression analysis is a type of analysis that explains how one or more independent variables impact a dependent variable.

Multiple linear regression analysis

Multiple linear regression is used by researchers to predict how the condition (rise and fall) of the dependent variable or multiple linear regression is carried out if the number of independent variables is at least two (Sugiyono, 2019: 213). The application of the multiple linear regression method, the number of variables used is more than one which has one dependent variable. This analysis is used to determine whether there is an influence of the independent variable, namely the Company's Operational Complexity ($X1$), Company profitability (X_2) and Presentation of Company Financial Reports (X_3). While the dependent variable in this study is purchase interest. The multiple linear regression formula is as follows:

$$Y = \alpha + \beta 1.\ X1 + \beta 2.X2 + \beta 3.X3 + e \quad \text{.....(3)}$$

Information:
Y : Audit Delay
α : Constant
β1 : Regression coefficient of Company Operational Complexity
β2 : Company Profitability Regression Coefficient
β3 : Regression coefficient of Company Financial Report Presentation
$X1$: Company Operational Complexity Variable
$X2$: Company Profitability Variables
$X3$: Variables in Presenting Company Financial Reports
e : Error/Sys

Hypothesis Testing

To answer the hypothesis that has been made, the following analysis methods can be used, namely the F Test and individual testing or t Test.

F-test

According to Hutapea & Ghozali (2022), the f test aims to determine the feasibility of the research model namely, to determine whether the regression equation can be used to see the effect of independent variables on the dependent variable. If there is a significant value namely, a value that is considered significant (Sig ≤ 0.05), then the regression model can be used. The model feasibility test (f test) can be used to determine whether all independent variables simultaneously affect the dependent variable. If the significance value f < 0.05, then it can be concluded that there is a significant influence of the independent variables simultaneously on the dependent variable. However, if the significance value f > 0.05, then it can be concluded that simultaneously all independent variables do not have a significant influence on the dependent variable.

T-test

According to Sugiyono (2019), t-test or partial testing, where one of the independent variables is left constant or controlled, is used to determine the influence or relationship between the independent variable and the dependent variable. For the t-test, we can evaluate the significance of t of each independent variable on the dependent variable. If the significance value of t < 0.05, then partially the independent variable has a significant influence on the dependent variable. However, if the significance value of t > 0.05, then partially the independent variable does not have a significant influence on the dependent variable.

4. RESULTS AND DISCUSSION

Research Result

Normality Test Results

In this study, the main focus is to analyze the effect of the implementation of IFRS 17 accounting standards. Normality testing is important in data analysis, because the results of this test will determine the type of statistical analysis that can be used next. If the data is normally distributed, then parametric analysis can be applied. However, if the data is not normally distributed, then non-parametric analysis will be more appropriate. The results of the normality test of financial performance data before and after debt restructuring are as follows:

Table 1. One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			8
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		13.68307255
Most Extreme Differences	Absolute		.270
	Positive		.186
	Negative		-.270
Test Statistic			.270
Asymp. Sig. (2-tailed)[c]			.088
Monte Carlo Sig. (2-tailed)[d]	Sig.		.085
	99% Confidence Interval	Lower Bound	.078
		Upper Bound	.092

Source: SPSS Output 29 (2024)

From the test results above, the results of the normality test are said to be normally distributed, if the Asymp sig value> 0.05, seen in the table above, the Asymp Sig value is 0.08 then the data is normally distributed (passes the normality test). So, it is concluded that the variables of complexity, profitability and presentation of financial statements have been distributed and are suitable for use as research data.

Hypothesis Testing

Multiple Linear Regression Test Results

Multiple linear regression analysis is a statistical method used to model the relationship between one outcome variable (dependent) and several causal variables (independent). The goal is to measure how strong and in which direction the causal variables influence the outcome variable. The results of the multiple linear regression test are:

Table 2. Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	199,057	26,767		7,437	,002
	Complexity	16,666	11,635	,527	1,432	,225
	Profitability	-6,509	3,117	-,700	-2,088	,105
	PLK	-54,339	17,506	-1,101	-3,104	,036

Source: SPSS Output 29 (2024)

Based on the output in SPSS above, the regression equation model can be formulated as follows:

Y = 199,057(α) + 16,666(X1) - 6,509(X2) – 54,339(X3) .....(4)

The regression equation model means constanta (α) = 199.057. A positive sign indicates that a unidirectional influence between the independent variable and the dependent variable has occurred. This shows that the Audit Delay value is 9.230 if all independent variables, including the Company's operational complexity (X1), Profitability (X2), and the presentation of the company's financial statements (X3), do not change at all or have a value of 0%.

The regression coefficient of Company Operational Complexity (X1) is 16.666, which shows a unidirectional influence between the variable Company Operational Complexity and Audit. This means that if the variable Company Operational Complexity increases by 1%, then Audit Delay will also increase by 16.666. Accompanied by the assumption that other variables do not change.

The regression coefficient of the Profitability variable (X2) shows a negative value of -6.509, which indicates that audit delay will decrease by -0.064 Profitability increases by 1%, assuming other independent variables are held constant. The negative sign indicates that the opposite influence between the independent and dependent variables has occurred.

The regression coefficient of the variable Presentation of the company's financial statements (X2) shows a negative value of -54.339, which indicates that Audit Delay will decrease by -54.339 if the company's financial statements increase by 1%, assuming other independent variables are held constant. The negative sign indicates that the opposite influence between the independent and dependent variables has occurred.

In terms of significance value, the sig value of the variable Company's operational complexity is more than 0.05, which is 0.225 so that H1 is rejected. The Profitability variable has a sig value of more than 0.05, which is 0.105 so that H2 is rejected. The third variable Presentation of the company's financial statements has a significance value of less than 0.05, which is 0.036 so that H3 is accepted.

T-test Results

Table 3. T-test

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	199.057	26.767		7.437	.002
Complexity	16.666	11.635	.527	1.432	.225
Profitability	-6.509	3.117	-.700	-2.088	.105
PLK	-54.339	17.506	-1.101	-3.104	.036

Source: SPSS Output 29 (2024)

Based on the test results, the DF value obtained is 7. Then, look for the t table and get 2.36462. After that, the t table value obtained is compared with the calculated t listed in the test results table.

The t-count result of the Company's Operational Complexity variable is 1.432 <2.36462, so H1 is rejected. This means that the Company's Operational Complexity variable does not have a significant effect on Audit Delay. The t-count value of the Profitability variable is -2.088 <2.36462, so H2 is rejected. This means that the Profitability variable does not have a significant effect on Audit Delay.

The Financial Statement Presentation variable has a t-count result of -3.104 < 2.36462, so H3 is rejected. This means that the Financial Statement Presentation variable does not have a significant effect on Audit Delay.

F-test Results

The F test is one of the most important statistical tests in regression analysis, especially multiple linear regression. This test is used to test the null hypothesis (H_0) that all population regression coefficients are equal to zero. In other words, the F test aims to determine whether at least one independent variable in the regression model has a significant effect on the dependent variable. The following are the results of the f test:

Table 4. F-test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3559.415	3	1186.472	3.621	.123[b]
Residual	1310.585	4	327.646		
Total	4870.000	7			

Source: SPSS Output 29 (2024)

Based on the table above, the results of the ANOVA test X1, X2, and X3 do not have a simultaneous effect on Y. This is indicated by the sig value, 0.123 > 0.05.

Research Discussion

The discussion of the data analysis that has been listed previously will be used as new information that will later be used to write conclusions or answer the hypotheses that have been formulated. The discussion of data analysis is as follows.

Company Operational Complexity Affects Audit Delay

The results of the study indicate that the variable of Company Operational Complexity does not have a significant effect on Audit Delay. This finding indicates that the level of operational complexity of a company is not the main factor that determines the length of the audit process. Although the company has high operational complexity, it does not directly impact the length of time required by the auditor to complete the audit process. Some possible explanations include the auditor having effective audit procedures to address operational complexity, or other factors such as auditor resources, audit process efficiency, or company management cooperation that are more dominant in determining Audit Delay. This finding implies that the Company's Operational Complexity cannot be relied upon as a reliable predictor to predict the length of the audit process, so further research is needed to identify other factors that have a greater influence on Audit Delay.

Company Profitability Has a Significant Influence on Audit Delay

The results of the study indicate that the profitability variable does not have a significant effect on Audit Delay. This finding indicates that the level of company profitability is not a major factor that determines the length of the audit process. Some possible explanations for this result are that auditors tend to focus more on aspects such as compliance with accounting standards, internal control, and completeness of disclosure, rather than solely focusing on the level of company profitability. High or low profitability does not necessarily affect the length of the audit process. In addition, other factors such as operational complexity, management capabilities, auditor resource availability, or audit team efficiency may have a more dominant influence on Audit Delay compared to company profitability. The characteristics of the industry or type of company studied may also moderate the relationship between profitability and Audit Delay, so this finding may only apply to certain research contexts and samples. This finding implies that in the context of this study, Profitability cannot be relied upon as a reliable predictor to predict the length of the audit process. Further research is needed to identify other factors that may have a greater influence on Audit Delay. These results can be a consideration for interested parties, such as company management, auditors, and regulators, in understanding the dynamics and determinants of Audit Delay which can vary depending on the context and characteristics of the company being studied.

The Presentation of Insurance Company Financial Reports Has a Significant Effect on Audit Delay

The results of the study indicate that the variable of presentation of the company's financial statements has a significant effect on Audit Delay. This finding indicates that the quality of the presentation of the company's financial statements plays an important role in determining the length of the audit process. Financial statements that are presented well, completely, and accurately can facilitate auditors in conducting the audit process efficiently and effectively. Conversely, inadequate quality of financial statement presentation can cause auditors to need more time to verify, analyze, and collect the necessary audit evidence. This finding implies that companies need to pay attention to the quality of presentation of their financial statements as one of the factors that can affect Audit Delay. Company management must ensure that financial statements are prepared and presented in accordance with applicable accounting standards, and meet the criteria of completeness, accuracy, and transparency. Thus, the audit process can run more efficiently and Audit Delay can be minimized. The results of this study can also be a consideration for auditors in understanding the determinants of Audit Delay and adjusting the audit strategy applied.

5. CONCLUSION

Based on the results of data analysis, it can be concluded that the complexity of company operations does not have a significant effect on audit delay. This finding suggests that auditors may have developed effective procedures to handle such complexity, thereby not lengthening audit time. Apart from that, company profitability also does not have a significant effect on audit delay. This indicates that auditors are focusing more attention on aspects such as compliance and internal control, rather than just considering the level of profitability.

On the other hand, the quality of presentation of financial reports is proven to have a significant influence on audit delay. Financial reports that are well presented, complete and accurate can facilitate auditors in carrying out the audit process efficiently, thus speeding up audit completion. On the other hand, reports that are of poor quality can cause auditors to need more time to carry out verification and analysis. Thus, the quality of financial reports is the main factor influencing the length of the audit process, while operational complexity and profitability do not show a significant influence.

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