

## THE EFFECT OF PROFITABILITY AND SOLVENCY ON AUDIT DELAY WITH THE REPUTATION OF THE PUBLIC ACCOUNTANT AS A MODERATING VARIABLE

Ratna Erlindayani<sup>1)</sup>, Anggita Langgeng Wijaya<sup>2)</sup>, M. Agus Sudrajat<sup>3)</sup>

<sup>1</sup>Faculty of Economics and Business, Universitas PGRI Madiun

[ratnaerlinda03@gmail.com](mailto:ratnaerlinda03@gmail.com)

<sup>2</sup>Faculty of Economics and Business, Universitas PGRI Madiun

[gonggeng14@gmail.com](mailto:gonggeng14@gmail.com)

<sup>3</sup>Faculty of Economics and Business, Universitas PGRI Madiun

[agus.sudrajat@unipma.ac.id](mailto:agus.sudrajat@unipma.ac.id)

### *Abstrak*

Penelitian ini bertujuan untuk menyelidiki hubungan antara keterlambatan audit dengan profitabilitas dan solvabilitas pada perusahaan perbankan yang terdaftar di Bursa Efek Indonesia (BEI) antara tahun 2019 dan 2023, dengan menggunakan reputasi Kantor Akuntan Publik (KAP) sebagai variabel moderasi. Pengambilan sampel secara purposif dilakukan untuk memilih 41 perusahaan dari 47 perusahaan yang menjadi populasi penelitian. Analisis regresi linier berganda digunakan dalam penelitian kuantitatif ini, yang dilakukan dengan SPSS versi 25. Temuan menunjukkan bahwa keterlambatan audit secara signifikan dipengaruhi oleh profitabilitas tetapi tidak oleh solvabilitas. Lebih lanjut, hubungan antara keterlambatan audit dengan profitabilitas maupun solvabilitas tidak dipengaruhi oleh reputasi Kantor Akuntan Publik.

**Kata Kunci:** Profitabilitas, Solvabilitas, *Audit Delay*, Reputasi KAP

### *Abstract*

*This study aims to investigate the relationship between audit delay and profitability and solvency in banking companies listed on the Indonesia Stock Exchange (IDX) between 2019 and 2023, using the reputation of public accounting firms (KAP) as a moderating variable. Purposive sampling was used to pick 41 companies from the 47 firms that made up the research population. Multiple linear regression analysis was used in this quantitative study, which was conducted with SPSS version 25. The findings show that audit delay is significantly impacted by profitability but not by solvency. Moreover, the association between audit delay and either profitability or solvency is not mitigated by the standing of public accounting firms.*

**Keywords:** Profitability, Solvency, *Audit Delay*, Reputation of Public Accounting Firms

## A. INTRODUCTION

When evaluating the operation of a business, especially banks, the data in financial reports is crucial. Financial reports are a means of providing external parties with information about a company's financial situation. The report's users must find value in this data. Large corporations that aspire to become multinational corporations undoubtedly require adequate funding for investment objectives, including the listing of their stock on the capital market. Companies whose shares are listed on the capital market must release financial reports as a way for management to answer to investors (Yuliusman et al., 2020).

Reporting on time can be a crucial metric for assessing a quality and helping investors make judgments. On the other hand, investors may suffer if performance reports are not submitted on time. Such delays often indicate that the company is currently facing a number of internal challenges or is in an unstable condition (Saputra et al., 2020).

In Indonesia, cases of delayed financial statement submission or audit delays are still common. (IDX) stated that as of March 31, 2023, 51 issuers had not yet filed their interim financial reports, according to data released by CNBC Indonesia. Additionally, as of July 1, 2024, two exchange-traded funds (ETFs) and 53 corporations had not turned in their audited. A first written warning was issued to a number of banking institutions on April 30, 2024, after the IDX discovered that they had failed to file their. These included PT Bank KB Bukopin and PT Bank Jtrust Indonesia. In addition, as of August 30, 2024, Bank Pembangunan Daerah Banten had its financial statements ending June 30, 2024, which had neither been audited nor reviewed by a public accountant. As a result, the company received a second written warning and an administrative fine of Rp50 million ([www.idx.co.id](http://www.idx.co.id)).

Profitability, solvency, and the standing are some of the elements that are believed to affect audit delays. Profitability gauges how well a business generates profits and is regarded as positive news that businesses wish to share as soon as possible (Yanti et al., 2020). High debt levels represent a higher potential financial risk, and solvency measures a capacity to (Siagian et al., 2022). In the meantime, the KAP's reputation serves as a moderating variable since it is one of the most crucial elements in determining how relevant the information is. Reliable reports are usually produced by auditors who have a high level of professionalism (Denis et al., 2024). The object of banking companies motivated the author to conduct this research.

## **B. THEORY REVIEW AND HYPOTHESIS DEVELOPMENT**

### **Agency Theory**

Businesses employ the idea of agency theory to explain how capital owners and management interact during business operations. When one or more parties (principals) choose another person (an agent) to, the agent in question is given the power to make decisions. This creates a relationship (Saragih et al., 2023).

### **Audit Delay**

The term "audit delay" describes the amount of time to finish the statement audit, from the fiscal year's conclusion on December 31 to the official release of the audited annual financial statements. The chance of yearly financial report submission delays increases with the length of the audit procedure. Delays like these could hurt the company's stock price, erode investor trust, and impede the growth of the capital market. (Al-azhary et al., 2024).

### **Profitability**

A ratio called profitability indicates the amount of profit a business can make. The time of the audit process may vary depending on the company's level of profitability. (Malik et al., 2025). From an auditor's perspective, a well-managed company will allow

for a smaller audit scope, which means less evidence to examine. As a result, the audit process can be completed in less time (Endiana & Apriada, 2020).

Research conducted by Anggraeni & Mildawati (2023) explains that affects audit delay.

From the above description, the research hypothesis is formed.

## **H<sub>1</sub>: Profitability Affects Audit Delay**

### **Solvency**

Solvency, sometimes known as the debt ratio, is a of how of a assets are funded by debt. To put it another way, this ratio shows how much debt a business uses for operations in comparison to its own equity (Yuliusman et al., 2020). Sound debt management techniques and effective use of borrowed funds are demonstrated by a company's capacity to pay off its debt as it matures. This situation indicates prudence and good supervision in the company's financial management. In this situation, the auditor assesses that the company is being run and supervised well, so that the scope of the audit can be narrowed, ultimately speeding up the audit process. Thus, this situation has the potential to reduce audit delays (Endiana & Apriada, 2020).

Research conducted by Hasanah & Estiningrum (2022) describing how audit delay is impacted by solvency The following is the research hypothesis based on the description above.

## **H<sub>2</sub> : Solvency Affects Audit Delay**

### **KAP Reputation**

The reputation of a (KAP) reflects how the firm is viewed by the public based on its level of trustworthiness and professional achievements. Companies will usually tend to appoint KAPs with a high reputation so that the financial reports produced are of higher quality, can be published more quickly, and are also able to increase public trust, especially from investors investor (Caroline et al., 2023).

Produce profits is reflected in its profitability, which is usually revealed right away and is often seen as good news by stakeholders. The public and businesses alike

frequently view large public accounting firms (KAP) as having better reputations. Because larger firms have more extensive and thorough resources than smaller ones, companies with higher profit margins are more likely to work with respectable public accounting firms. As a result, they are able to conduct financial audits more efficiently, which enables businesses to promptly provide their audited financial reports (Ma'sumah & Rusyida, 2022). Research by F. Saputra et al. (2024) supports this theory by showing that and profitability can be moderated by KAP reputation.

### **H<sub>3</sub>: KAP Reputation Can Moderate The Effect Of Profitability On Audit Delay**

A company's solvency shows how well-equipped it is to settle its long-term debts. In order for auditors to finish the audit process more quickly, companies with strong long-term debt servicing capacities are typically more driven to submit their financial statements as soon as possible (Ma'sumah & Rusyida, 2022). Public accounting businesses constantly work to uphold the positive reputation they have established over the years, especially considering their clientele. Failures in audits can seriously harm their reputation and possibly erode client trust (Nugroho et al., 2024). by Siagian et al. (2022), the impact of solvency on audit time can be mitigated by KAP repute. The following is the hypothesis based on the description above:

### **H<sub>4</sub>: KAP Reputation Can Moderate The Effect Of Solvency On Audit Delay**

## **METHOD**

This study uses a quantitative methodology. the companies under observation provided the secondary data. Banking companies that were listed between 2019 and 2023 on the Indonesia Stock Exchange make up the research population. Using purposive sampling, 41 of the 47 firms that satisfied the requirements were chosen as the research sample. SPSS version 25 was used to help with data processing and statistical analysis.

## C. RESULTS AND DISCUSSIONS

### Descriptive Statistics

Table 1. Descriptive Statistical Test Results

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	205	-18,058	9,099	,47219	2,645412
Solvency	205	31,188	1607,858	514,89928	284,950136
<i>Audit delay</i>	205	15	141	66,83	29,637
KAP Reputation	205	0	1	,50	,501
Valid N (listwise)	205				

Source: Data processing SPSS, 2025

Table 1 provides information on the 205 data points for each variable, with the following descriptions:

- Profitability ranges from a of -18.058 to a of 9.099, with an average of 0.47219 and a deviation of 2.645412.
- Solvency varies between 31.188 and 1,607.858, with a of 514.89928 and a standard of 284.950136.
- Audit delay falls within the range of 15 to 141, with an value of 66.83 and a standard deviation of 29.637.
- KAP reputation shows a of 0 and a of 1, with a mean score of 0.50 and a standard of 0.501.

## Normality Test

Table 2 Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		205
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	25,91587946
Most Extreme Differences	Absolute	,049
	Positive	,049
	Negative	-,031
Kolmogorov-Smirnov Z		,049
Asymp. Sig. (2-tailed)		,200 <sup>c,d</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance		
Source: Data processing SPSS, 2025		

The statistics in this study are regarded as normal since the data analysis shows that a of 0.200 that the data can be regarded as normal if the value is greater than 0.05.

## Heteroscedasticity Test

Table 3 Heteroscedasticity Test Results

Model	Coefficients <sup>a</sup>		Keterangan
		Sig.	
1	(Constant)	,000	
	Profitability	,282	Tidak terjadi Heteroskedastisitas
	Solvency	,183	Terjadi Heteroskedastisitas
	KAP Reputation	,682	Tidak terjadi Heteroskedastisitas

- a. Dependent Variable: ABS RES  
Source: Data processing SPSS, 2025

The findings unequivocally demonstrate that each independent variable's significance value is larger than or equal to 0.05. This criterion leads to the conclusion contain heteroscedasticity.

## Multicollinearity Test

Table 4 Multicollinearity Test Results

Model		Coefficients <sup>a</sup>	
		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Profitability	.965	1,036
	Solvency	.983	1,017
	KAP Reputation	.957	1,044

a. Dependent Variable: *Audit delay*

Source: Data processing SPSS, 2025

While the solvency variable has a VIF value of 1.017 with a tolerance value of 0.983, the profitability variable has a VIF value of 1.036 with a tolerance value of 0.965, according to the data. Multicollinearity is not present because both VIF values are less than 10 and the tolerance values are more than the 0.1 cutoff. Thus, it can be said that there are no multicollinearity problems in this study.

## Autocorrelation Test

Table 5 Autocorrelation Test Results

Model Summary <sup>b</sup>	
Model	Durbin-Watson
1	.898

a. Predictors: (Constant), KAP Reputation, Solvency, Profitability

D. Dependent Variable: *Audit delay*

Source: Data processing SPSS, 2025

DW 0.898 is less than dL 1.754, according to the results of the autocorrelation test in Table 5. Therefore, autocorrelation can be said to occur. The Cochrane Orcutt method, a new strategy for handling autocorrelation symptoms, was then employed by the author. The Cochrane-Orcutt technique autocorrelation test results are displayed below.

Table 6 Results of Cochran Orcut Autocorrelation Test

Model Summary <sup>b</sup>	
Model	Durbin-Watson
1	2.088

a. Predictors: (Constant), LAG\_Z, LAG\_X1, LAG\_X2

b. Dependent Variable: : LAG\_Y

Source: Data processing SPSS, 2025

A Durbin-Watson statistic of 2.088 is reported in Table 6, with critical values of  $4 - dU = 2.207$  and  $dU = 1.793$ . The model does not show autocorrelation since the value of 2.088 falls between  $dU$  (1.793) and  $4 - dU$  (2.207). Therefore, the findings support the lack of autocorrelation in this investigation.

## Hypothesis Testing

### F Test

Table 7 F Test Results

ANOVA <sup>a</sup>				
Model		Sum of Squares	F	Sig.
1	Regression	23120,197	14,963	.000 <sup>b</sup>
	Residual	156058,827		
	Total	179179,024		

a. Dependent Variable: *Audit delay*

b. Predictors: (Constant), Solvabilitas, Profitabilitas

Source: Data processing SPSS, 2025

At a significance (sig) level of 0.000, the results show an F-statistic value of 14.963. Since the significance value is less than the 0.05 cutoff, it may be concluded that all independent factors taken together significantly affect the dependent variable.

## t-test

Table 8 t-test results

Coefficients <sup>a</sup>			
Model		T	Sig
1	(Constant)	17,124	,000
	Profitability	-5,468	,000
	Solvency	-,239	,811

a. Dependent Variable: *Audit delay*  
Source: Data processing SPSS, 2025

As shown in the results above, the profitability variable (X1) affects audit delay, while solvency (X2) does not affect audit delay.

Table 9 MRA t-test

Coefficients <sup>a</sup>			
Model		t	sig
1	(Constant)	13,752	,000
	Profitability	-3,341	,001
	Solvency	,670	,504
	KAP Reputation	-,975	,331
	Profitability*KAP Reputation	,328	,743
	Solvency*KAP Reputation	-1,844	,067

a. Dependent Variable: *Audit delay*

Source: Data processing SPSS, 2025

The results of the Moderated Regression Analysis (MRA) indicate that the reputation of public accounting companies has no moderating effect on the relationship between audit delay and profitability. Similarly, KAP reputation does not appear to mitigate the effect of solvency on audit delay.

## Determination Coefficient Test (R<sup>2</sup>)

Table 10 Results of the Determination Coefficient Test (R<sup>2</sup>)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,359 <sup>a</sup>	,129	,120	27,795116

a. Predictors: (Constant), Solvency, Profitability  
Source: Data processing SPSS, 2025

According to the findings in the preceding table, the independent variable accounts for 12% of the variation in the dependent variable. Other factors not included in this study account for the remaining 88% of the variation. The Adjusted R-Square value of 0.120 supports this.

## D. CONCLUSIONS

The results of this study conclude that audit delay is significantly influenced by profitability. In contrast, the solvency variable shows no significant relationship with the occurrence of audit delays. Furthermore, the analysis shows that the reputation of public accounting companies (KAP) has no moderating effect on the link between profitability and solvency with audit delay. These results, which are based on banking companies that were listed between 2019 and 2023 on the Indonesia Stock Exchange (IDX), indicate that while solvency and auditor reputation do not seem to have a significant impact on the length of the audit process in the banking industry, financial performance factors like profitability do affect the timeliness of audited financial reporting.

## E. SUGGESTIONS

Future research could use other variables besides profitability and solvency, such as company size, ownership structure, and others. This would allow for more in-depth and detailed research on audit delay. Furthermore, since this study still has limitations in providing a thorough explanation of audit delay, future research should broaden the study's scope.

## REFERENCES

- Al-azhary, I. P., Azhar, M. K. S., & Novietta, L. (2024). Pengaruh Profitabilitas, Solvabilitas, dan Umur Perusahaan Terhadap Audit Delay dengan Ukuran Perusahaan sebagai Pemoderasi. *Jurnal Akutansi Manajemen Ekonomi Kewirausahaan (JAMEK)*, 4(3), 193–202.
- Anggraeni, D. F., & Mildawati, T. (2023). Pengaruh Profitabilitas, Solvabilitas, Ukuran Perusahaan dan Opini Audit Terhadap Audit Delay yang Terdaftar di Bursa Efek Indonesia. *Jurnal Ilmu Dan Riset Akuntansi (JIRA)*, 12(6).
- Caroline, C., Nizarudin, A., & Agustina, D. (2023). Pengaruh Profitabilitas dan Audit Tenure terhadap Audit Delay dengan Reputasi Kantor Akuntan Publik sebagai Variabel Moderasi. *Jurnal Penelitian Inovatif*, 3(2), 371–384. <https://doi.org/10.54082/jupin.165>
- Denis, G. A., Wibawa, E., Sri, N. P., Mimba, H. (2024). Reputasi KAP, Kompleksitas Operasi, Solvabilitas dan Audit Delay. *E-Jurnal Ekonomi Dan Bisnis Universitas Udayana*. 13(8), 1657–1665. <https://ojs.unud.ac.id/index.php/EEB/>
- Endiana, I. D. M., & Apriada, I. K. (2020). Analisis Dampak Internal yang Mempengaruhi Audit Delay. *Accounting Profession Journal*, 2(2), 82–93. <https://doi.org/10.35593/apaji.v2i2.15>
- Hasanah, R., & Estiningrum, S. D. (2022). Analisis Faktor Penyebab Audit Delay. *Owner*, 6(2), 1764–1771. <https://doi.org/10.33395/owner.v6i2.816>
- Malik, A. D., Pramesti, V., & Permatasari, B. L. (2025). Determinan Audit Delay pada Perusahaan Sektor Real Estate dan Property yang terdaftar di Bursa Efek Indonesia. *Forum Ekonomi: Jurnal Ekonomi, Manajemen Dan Akuntansi*, 27(1), 98–109.

- Ma'sumah, L., & Rusyida, W. Y. (2022). Reputasi KAP dalam Memoderasi Pengaruh Ukuran Perusahaan, Profitabilitas, Solvabilitas dan Likuiditas terhadap Audit Report Lag. *AKTSAR: Jurnal Akuntansi Syariah*, 5(2), 196. <https://doi.org/10.21043/aktsar.v5i2.16765>
- Nugroho, A. W., Adam Zakaria, & Hafifah Nasution. (2024). Pengaruh Profitabilitas, Ukuran Perusahaan, dan Reputasi KAP terhadap Audit Delay. *Jurnal Akuntansi, Perpajakan Dan Auditing*, 4(3), 822–837. <https://doi.org/10.21009/japa.0403.13>
- Saputra, A. D., Irawan, C. R., & Ginting, W. A. (2020). Pengaruh Ukuran Perusahaan, Opini Audit, Umur Perusahaan, Profitabilitas dan Solvabilitas terhadap Audit Delay. *Owner (Riset Dan Jurnal Akuntansi)*, 4(2), 286. <https://doi.org/10.33395/owner.v4i2.239>
- Saputra, F., Muchlish, M., & Bastian, E. (2024). Pengaruh Ukuran Perusahaan, Profitabilitas, dan Solvabilitas terhadap Audit Report Lag dengan Reputasi KAP sebagai Variabel Moderasi. *Jurnal Locus Penelitian Dan Pengabdian*, 3(1), 67–78. <https://doi.org/10.58344/locus.v3i1.2421>
- Saragih, R. H., Dearn, A. A., Marpaung, O., & Hasioan Sianipar, P. B. (2023). Pengaruh Profitabilitas dan Solvabilitas terhadap Audit Delay Periode Sebelum dan Selama Pandemi Covid-19 pada Perusahaan Sektor Barang Konsumsi yang Terdaftar di Bursa Efek Indonesia Tahun 2018-2021. *Journal of Information System, Applied, Management, Accounting and Research*, 7(1), 66. <https://doi.org/10.52362/jisamar.v7i1.1004>
- Siagian, R., . E., & Fachrudin, K. A. (2022). The Influence of Audit Tenure, Firm Size, Profitability and Solvency on Audit Delay with KAP's Reputation as a Moderating Variable in LQ45 Companies Listed on Indonesia Stock Exchange 2011-2021. *International Journal of Research and Review*, 9(8), 697–707. <https://doi.org/10.52403/ijrr.20220858>
- Yanti, N. W. S. E., Mahaputra, I. N. K. A., & Sudiartana, I. M. (2020). Pengaruh Ukuran Perusahaan, Umur Perusahaan, Profitabilitas, Leverage, dan Opini Audit terhadap Audit Delay pada Perusahaan Manufaktur Sub Sektor Food and Beverage yang Terdaftar di Bursa Efek Indonesia Tahun 2015-2018. *Kumpulan Hasil Riset Mahasiswa Akuntansi (KHARISMA)*, 2(3).
- Yuliusman, Putra\*, W. E., Gowon, M., Dahmiri, & Isnaeni, N. (2020). Determinant Factors Audit Delay: Evidence from Indonesia. *International Journal of Recent Technology and Engineering (IJRTE)*, 8(6), 1088–1095. <https://doi.org/10.35940/ijrte.F7560.038620>