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# AN ANALYSIS OF FACTORS AFFECTING AUDIT DELAY IN MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE



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**Abstract:**

Timely financial reporting is essential for maintaining investor confidence and ensuring efficient capital market performance. Audit delay between a company's fiscal year-end and the issuance of its audited financial statements remains a critical issue, particularly in emerging markets like Indonesia. This study investigates the effect of Public Accounting Firm (PAF) size, profitability, liquidity, and asset

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activity on audit delay in manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. Using purposive sampling, a sample of 135 companies was selected, resulting in 405 observations of panel data. The analysis was conducted using regression with the Random Effects Model (REM) via EViews 12 software. The findings reveal that profitability has a negative and significant effect on audit delay, suggesting that more profitable firms tend to receive quicker audit completion. In contrast, PAF size, liquidity, and asset activity do not show a significant influence on audit delay. This research contributes to the literature by focusing on the manufacturing sector which deemed as an essential pillar of Indonesia's economy and by employing recent data and robust statistical methods to deepen the understanding of audit timeliness in emerging market contexts.

**DOI:**10.35631/AJBES.827024**Keyword:**

Asset Activity, Audit Delay, PAF Size, Profitability, Liquidity,



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**Introduction**

The rapid development of the capital market in Indonesia is evidenced by the increasing number of companies listed on the Indonesia Stock Exchange (IDX) each year, spanning various industrial sectors. This trend indicates a growing interest among businesses in obtaining funding through the capital market. Consequently, the transparent and timely disclosure of financial information becomes crucial in fostering an efficient and trustworthy market environment. The primary objective of financial reporting is to provide useful information to investors, potential investors, lenders, and other stakeholders to support economic decision-making (Ebaid, 2022). According to Lai et al. (2020), financial statements must be understandable, relevant, reliable, and comparable to fulfill this purpose effectively. One important factor considered by financial statement users in evaluating their usefulness is the timeliness of publication (Handoko, Muljo, & Lindawati, 2019). Timeliness reflects the credibility and quality of the information presented, the longer the delay in the publication of financial statements, the more the relevance and reliability of the information are called into question (Syachrudin & Nurlis, 2018).

However, in addition to the timeliness of financial reporting, the reliability of the information presented is equally important. The reliability of a report can be improved if it has been thoroughly audited by an external auditor (Lai et al., 2020). The Financial Services Authority (OJK), through OJK's Regulation No. 14 of 2022, requires public companies to submit their annual financial reports to OJK and disclose them to the public no later than the end of the third month after the end of the financial year and the report must be audited (Indonesia, 2022). The

Indonesia Stock Exchange (IDX) also regulates the reporting deadline based on Provision III.1.1.6 of IDX Regulation No. I-E. Companies that do not meet the deadline may be subject to administrative sanctions, including warning letters, monetary fines, or even temporary suspension of stock trading, as stipulated in IDX Regulation No. I-H. Table 1 below presents the number of companies that experienced delays in submitting audited financial reports during the 2020–2023 period.

**Table 1: Audit Delay of Issuers at the IDX (2020–2023)**

Year	Deadline for Submission	Number of Late Companies
2020	31 Mey 2021	88 companies
2021	9 Mey 2022	91 companies
2022	2 Mey 2023	61 companies
2023	1 April 2024	129 companies

Source: Indonesia Stock Exchange, 2021–2024

Delays in submitting audited financial reports are a common problem in the Indonesian capital market. Over the past four years, the IDX has recorded a number of companies that have not submitted financial reports on time, namely 88 companies in the 2020 financial year, 91 companies in 2021, 61 companies in 2022, and increasing sharply to 129 companies in 2023. This problem not only affects small companies, but also large companies, including state-owned enterprises (BUMN) such as PT Indofarma Tbk (INAF), PT Kimia Farma Tbk (KAEF), PT Krakatau Steel (KRAS), and PT Medco Energi Internasional Tbk (MEDC) which are included in the LQ45 index which also experienced late reporting in 2023 (Nabila, 2024; Rabbi, 2024). As of March 31, 2025, there were still 216 issuers that had not submitted their 2024 financial reports, either audited reports or limited unaudited reports (Nabila, 2025).

This condition shows that, even though there are clear regulations regarding financial reporting, late submission of financial reports is still a problem that continues to occur in the Indonesian capital market. One of the contributing factors is the length of the audit process, because the faster the audit is completed, the faster the financial reports can be published (Handoko, Deniswara, & Nathania, 2019). This phenomenon is called audit delay. Al-Faruqi (2020) defines audit delay as the length of time required by a PAF to audit a company's financial statements. The longer the audit delay, the more it can be considered that the accuracy of the financial statements is reduced (Sutaryo & Lase, 2015). The length of the audit process can vary depending on internal and external factors (Karina & Kusumawardhani, 2023). Handoko et al. (2019) stated that late financial reporting can have a negative impact on the company itself. This is because timely submission is an important factor in improving the stock market performance of public companies (Syachrudin & Nurlis, 2018).

The occurrence of audit delays can potentially disrupt economic decision-making processes, create information asymmetry, and undermine management's credibility in the eyes of investors. Therefore, it is crucial to understand the factors that influence audit delay. Several variables such as the size of the PAF, profitability, liquidity, and asset turnover are believed to affect audit delay. However, empirical findings regarding the influence of these variables remain inconsistent. For instance, the size of a Public Accounting Firm is often linked to audit delay. Auditors from Big Four firms are generally recognized for their superior work quality, reputation, and expertise compared to auditors from non-Big Four firms (Winaarso, 2019). It is therefore assumed that Big Four auditors are more likely to complete the audit process within

the required time frame. Nevertheless, previous studies have shown mixed results regarding the effect of PAF size on audit delay. Some studies have found that PAF size significantly influences audit delay (Ginting & Hidayat, 2019; Nurrahmani, Handayani, & Nusa, 2023; Prasetyo et al., 2021; Tri Rahmawati & Arief, 2022). In contrast, other studies reported no significant relationship (Febriana, Wijaya, & Jumaili, 2024; Simatupang, Eka Putra, & Herawaty, 2018; Syachrudin & Nurlis, 2018).

Profitability is another key factor as companies that report higher-than-expected revenues typically send a positive signal to investors (Ebaid, 2022). As a result, these companies tend not to delay disclosing this information through their financial statements. Therefore, several studies found that profitability has a significant effect on audit delay (Adela & Badera, 2022; Aureliaa & Anggraini, 2023; Febriana et al., 2024; Handoko, Muljo, et al., 2019; Harianto & Saputra, 2022; Nurrahmani et al., 2023; Rani & Triani, 2021). However, different findings were reported by other studies which found that profitability had no significant effect on audit delay (Al-Faruqi, 2020; Damanik, Nainggolan, Simbolon, & Simorangki, 2021; Ginting & Hidayat, 2019; Mahira, Wahyuni, Haryanto, & Azizah, 2024; Mantik, Monarissa, Hutasoit, & Wafa, 2023; Sulistiawati & Amyar, 2022)(Adrianto et al., 2025).

Liquidity is another factor that may influence audit delay. Liquidity reflects a company's ability to meet its short-term obligations. Several studies (Ivian, 2024; Karina & Kusumawardhani, 2023; Miradji, Dano, Wulandari, Safitri, & Dwi, 2024; Tumanggor & Lubis, 2022; Ula & Hidayat, 2021) have found that higher liquidity can accelerate the audit process and reduce audit delay. However, other studies (Handoko, Muljo, et al., 2019; Mahira et al., 2024; Melosa & Rohman, 2022; Prastyo, 2016; Rusminah et al., 2024) reported no significant relationship between liquidity and audit delay. Another variable examined in relation to audit delay is asset activity, which reflects how efficiently a company utilizes its assets to generate revenue. Research conducted by (Endiana & Apriada, 2020; Sukarni & Arizona, 2021) found that asset activity significantly affects audit delay. In contrast, other studies (Anggraini & Nur Triyanto, 2021; Prastyo, 2016; Rania Rochmah, Indra Pahala, & Petrolis Nusa Perdana, 2022) found no significant effect. These inconsistent findings indicate a gap in the literature and highlight the need for further investigation, making this study important to provide more conclusive evidence on the relationship between profitability and audit delay.

Based on the background and the inconsistencies in findings from previous studies, this research aims to re-examine the effects of PAF size, profitability, liquidity, and asset activity on audit delay, with a particular focus on manufacturing companies in Indonesia during the 2021–2023 period. This study is expected to contribute to the literature by addressing the gap caused by conflicting results in earlier research. The manufacturing sector was selected because it is one of the largest and most active sectors in the Indonesian capital market and is characterized by high operational complexity. This complexity has the potential to influence both the preparation of financial statements and the completion of audits. Although relatively well-established, audit delays continue to occur in this sector. Therefore, this research is considered relevant for providing a deeper understanding of the factors contributing to audit delay.

## Literature Review

### *PAF Size and Audit Delay*

The size of PAF is generally divided into two groups, namely Big Four PAF and Non-Big Four PAF. According to Handoko et al. (2019), larger PAFs tend to have more experienced human resources so that they can conduct audits more efficiently and effectively and also have a stronger incentive to complete audits quickly compared to smaller PAFs. Faster audit completion is one way for large PAFs to maintain their reputation (Winaarso, 2019). Auditors from Big Four PAF are generally known to have greater capabilities and professionalism compared to Non-Big Four PAF (Ginting & Hidayat, 2019). Auditors play an important role in providing assurance of financial statements and disclosures (Chen, Jia, Xu, & Ziebart, 2022). The presence of professional and experienced auditors is believed to speed up the audit process and minimize the risk of late reporting. According to Al Faruqi (2020), the more professional the workforce owned by the PAF, the faster the audit process can be completed. From the perspective of agency theory, external auditors act as independent monitors between agents (management) and principals (owners). Large Public Accounting Firms (PAF) usually have more professional staff and a structured audit system, considered more capable of carrying out this supervisory role effectively. As a result, companies tend to involve large PAFs to increase investor confidence and ensure timely audit completion. Research by (Ginting & Hidayat, 2019; Prasetyo et al., 2021) found that PAF size has a negative effect on audit delay, indicating that the use of large PAFs tends to accelerate the delivery of audited financial statements.

**H<sub>1</sub>: PAF size has a negative effect on audit delay**

### *Profitability and Audit Delay*

A high level of profitability indicates that the company has utilized its assets effectively and efficiently to generate maximum profit and this performance is usually considered good news that management wants to communicate to investors (Handoko, Muljo, et al., 2019). According to Harianto and Saputra (2022), companies that report large profits tend to accelerate the audit process in order to disclose favorable information to the public more quickly. From the perspective of signaling theory, management as a party that has access to internal information is motivated to send positive signals to shareholders (principals), especially when the company is performing well. Ebaid (2022) emphasized that companies tend to be more enthusiastic about disclosing positive news immediately, while often showing reluctance to release negative or unfavorable information. In this context, high profitability serves as an indicator of positive performance, which is an incentive for companies to communicate it through timely audited financial statements. Therefore, profitable companies have a greater incentive to report their performance earlier by accelerating the publication of annual reports (Syachrudin & Nurlis, 2018). This relationship is supported by several empirical studies (Adela & Badera, 2022; Endiana & Apriada, 2020; Handoko, Muljo, et al., 2019; Harianto & Saputra, 2022; Nurrahmani et al., 2023), which found that profitability has a negative effect on audit delay meaning that more profitable companies tend to complete audits faster.

**H<sub>2</sub>: Profitability has a negative effect on audit delay**

### *Liquidity and Audit Delay*

Liquidity is a ratio that measures a company's ability to meet its obligations. According to Ivian (Ivian, 2024), companies with high levels of liquidity generally demonstrate strong and

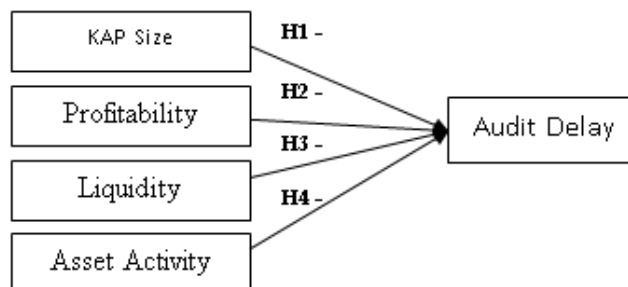
efficient financial management capabilities, including optimal cash flow planning and effective risk management, which can reduce the possibility of errors or discrepancies that need to be verified by the auditor, thereby speeding up the audit process. In the context of signaling theory, companies with high liquidity are motivated to submit financial reports on time as a form of giving a positive signal to investors and other stakeholders. As a result, management can encourage auditors to complete the audit quickly so that favorable information can be communicated without delay. Conversely, low liquidity can cause management to be more cautious during the reporting process due to concerns that poor financial conditions can create negative perceptions, potentially extending the audit duration. Empirical studies conducted by Ivian (Ivian, 2024; Tumanggor & Lubis, 2022; Ula & Hidayat, 2021) support this relationship, finding that liquidity has a negative effect on audit delay, meaning that a higher liquidity ratio is associated with a lower likelihood of audit delay.

**H3: Liquidity has a negative effect on audit delay**

### *Asset Activity and Audit Delay*

Asset activity reflects the extent to which a company effectively utilizes its assets to generate revenue. A high asset activity ratio indicates efficient resource management, particularly in achieving high sales volume through optimal use of fixed and current assets. The higher the asset turnover, the more efficient the company is considered in generating profits from sales, which is associated with shorter audit delays, as the company is perceived to have strong operational performance and profitability (Sukarni & Arizona, 2021). Similarly, Endiana and Apriada (2020) explain that companies that optimize their asset utilization demonstrate good management and supervision, enabling them to maximize economic benefits. From the perspective of signaling theory, high asset activity sends a positive signal to external parties regarding the quality of management and overall company efficiency. Companies with strong performance tend to be motivated to disclose their financial results promptly, thereby minimizing audit delay. Empirical findings by (Endiana & Apriada, 2020; Sukarni & Arizona, 2021) support the significant effect of asset activity on audit delay, showing that companies with higher asset activity levels tend to complete audits more quickly.

**H4: Asset activity has a negative effect on audit delay**



**Figure 1: Research Conceptual Framework**

Source: (TNR,10, Single Spacing, Align Left, Capitalize Each Word)

## Research Method

### *Research Design and Sampling*

This study uses a quantitative approach using secondary data from the financial statements of manufacturing companies listed on the Indonesian Stock Exchange (IDX) for the 2021–2023 period. The sample was determined through purposive sampling based on three criteria; i) companies consistently listed on IDX throughout the 2021–2023 period, ii) availability of complete financial data, including audit report dates and required financial ratios, and iii) firms that experienced at least one audit delay during the observation period. The data set consists of unbalanced panel data, because not all companies have complete data for all three consecutive years. Therefore, a total of 405 observations from 135 companies were analyzed and selected.

### **Operational Definition and Measurement of Variables**

#### *Audit Delay*

The dependent variable in this study is audit delay, defined as the length of time required by the auditor to complete the audit process from the end of the financial year to the issuance of the audit report. Following Harianto and Saputra (2022), audit delay is calculated as the difference between the financial year-end date and the date of the independent auditor's report.  $DELAY = \text{Auditor's Report Date} - \text{Book Year End Date} \dots\dots\dots (1)$

#### *PAF Size*

The size of the PAF is an indicator that reflects the level of reputation and scale of the external auditor who examines the company's financial statements. In this study, PAF size is determined based on the Big Four classification, namely Deloitte, PricewaterhouseCoopers (PwC), Ernst & Young (EY), and KPMG. PAF size is measured using a dummy variable, with a value of 1 given if the company is audited by one of the Big Four PAF, and a value of 0 if it is audited by a non-Big Four PAF.

#### *Profitability*

Profitability is a ratio that shows how effectively a company is managed, which can be seen from the profits earned from sales or from investment returns (Indriani, 2020). In this study, profitability is measured by the Return on Assets (ROA) ratio, namely profit after tax divided by total assets.

$$ROA = \text{Net Profit after Tax} / \text{Total Assets} \dots\dots\dots (2)$$

#### *Liquidity*

Liquidity is the ability of a company to meet its financial obligations that must be met immediately (Tumanggor & Lubis, 2022). This study uses Current Ratio (CR) to measure liquidity, which is the ratio between current assets and current liabilities.

$$CR = \text{Total Current Assets} / \text{Total Current Liabilities} \dots\dots\dots (3)$$

### *Asset Activity*

In this study, asset activity is measured through the Total Asset Turnover (TATO) ratio, namely total sales divided by total assets. This ratio is a measure used to evaluate how effective and how much the company's assets are in generating profits from its sales (Rania Rochmah et al., 2022).

$$\text{TATO} = \text{Total Sales} / \text{Total Assets} \dots\dots\dots (4)$$

### *Analysis Technique*

Data analysis was conducted using the panel data regression method, processed with EViews 12 software. The regression model employed aims to examine the effect of the independent variables on audit delay in manufacturing companies during the study period. The regression model used in this study is as follows:

$$\text{DELAY (Y)} = \alpha + \beta_1 \text{ PAF} + \beta_2 \text{ ROA} + \beta_3 \text{ LIQ} + \beta_4 \text{ TATO} + \varepsilon \dots\dots\dots (5)$$

Explanation:

- DELAY : Audit Delay
- PAF : PAF Size
- ROA : Profitability
- LIQ : Liquidity
- TATO : Asset Activity
- $\alpha$  : Constant
- $\beta_1, \beta_2, \beta_3, \beta_4$  : Regression Coefficient
- $\varepsilon$  : Error

## **Research Result and Discussion**

### *Descriptive Statistics*

Table 2 provides the descriptive statistics for the variables used in this study based on 405 firm-year observations.

**Table 2: Descriptive Statistics**

	<b>DELAY</b>	<b>PAF</b>	<b>ROA</b>	<b>LIQ</b>	<b>TATO</b>
Mean	86.60197	0.336609	0.036074	2.870621	0.996032
Maximum	180.0000	1.000000	0.363620	83.43234	7.560732
Minimum	33.00000	0.000000	0.948898	0.038897	0.000000
Std. Dev	15.79888	0.473132	0.109955	5.037394	0.734830
Observations	405	405	405	405	405

Source: Output Eviews 12, 2025

Based on Table 2, from a total of 405 firm-year observations over a three-year period, the average audit delay was approximately 86 days, with a relatively small standard deviation. This indicates that most companies submit their financial statements around three months after the end of the fiscal year. Furthermore, the majority of companies do not engage the services of Big Four Public Accounting Firms, as reflected by the average PAF size value of 0.336609 and a relatively high standard deviation. The average level of profitability is relatively low, at approximately 0.036074, accompanied by a fairly high standard deviation, suggesting

considerable variation in profitability among the firms. The average liquidity ratio is 2.870621, also with a high standard deviation, indicating significant differences in the firms' ability to meet short-term obligations. The companies' ability to utilize assets to generate sales, as measured by Total Asset Turnover (TATO), is relatively good, with an average value close to 1. However, the large standard deviation suggests notable disparities in asset utilization efficiency across the firms.

### ***Panel Data Regression Model***

To determine the most appropriate panel data model, three tests were conducted which are presented in Table 3.

**Table 3: Summary of Regression Model Selection Results**

<b>Type of Test</b>	<b>Test</b>	<b>Prob.</b>	<b>Result</b>
Chow	CEM vs FEM	0.0000	FEM
Hausman	FEM vs REM	0.0825	REM
Lagrange Multiplier	REM vs CEM	0.0000	REM

Source: Output Eviews 12, 2025

Based on the results of the panel data regression model selection in Table 3, which involved testing three main models, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM), the Random Effect Model (REM) was determined to be the most appropriate model for this study.

### ***Classic Assumption Test***

According to Ajija et al. (2011, as cited in Accounting.binus, 2021), if the number of observations exceeds 30, then based on the Central Limit Theorem, the normality test can be omitted, as the data is assumed to be approximately normally distributed. Therefore, in this study, which involves more than 30 observations, the normality test was not conducted. Furthermore, in panel data regression using the Random Effect Model (REM) estimated through the Generalized Least Squares (GLS) method, separate tests for heteroscedasticity and autocorrelation are not necessary. This is because GLS inherently accounts for the variance structure and correlation in the error term through data transformation, thereby producing estimates that are BLUE (Best Linear Unbiased Estimator) even in the presence of classical assumption violations (Gujarati & Porter, 2009). Regarding multicollinearity, as presented in Table 4, all independent variables in the model are shown to be free from multicollinearity, indicating no strong linear relationship among them that could potentially undermine the stability of the regression estimates.

**Table 4: Multicollinearity Test Results**

	<b>PAF</b>	<b>ROA</b>	<b>LIQ</b>	<b>TATO</b>
<b>PAF</b>	1.000000	0.240885	0.020497	0.099913
<b>ROA</b>	0.240885	1.000000	0.054963	0.239718
<b>LIQ</b>	0.020497	0.054963	1.000000	0.043803
<b>TATO</b>	0.099913	0.239718	0.043803	1.000000

Source: Output Eviews 12, 2025

### ***Panel Data Regression Analysis***

The results of the panel data regression analysis are presented in Tabel 5.

**Table 5: Data Regression Analysis**

<b>Variabel</b>	<b>Coefficient</b>	<b>Std. Error</b>	<b>t-Statistic</b>	<b>Prob.</b>
C	89.11233	1.666106	53.48541	0.0000
PAF	-3.931296	2.064865	1.903900	0.0576
ROA	-53.93208	7.270040	7.418402	0.0000
LIQ	-0.129067	0.131083	0.984617	0.3254
TATO	1.030089	1.181449	0.871886	0.3838
R-squared				0.144742
Adjusted R-squared				0.136232
F-statistic				17.00841
Prob(F-statistic)				0.000000

Source: Output Eviews 12, 2025

Based on the panel data regression results presented in Table 5, only the profitability variable has a negative and significant effect on audit delay, while the PAF size, liquidity, and asset activity variables do not show significant effects. The Adjusted R-squared value of 0.1362 indicates that the regression model explains approximately 13.62% of the variation in audit delay, with the remaining 86.38% attributed to other factors not included in this study. The results of the F-test, with a p-value of 0.000000, indicate that the independent variables collectively have a significant effect on audit delay.

### ***The Effect of PAF Size on Audit Delay***

Based on the regression test results, the PAF Size variable has a coefficient of -3.931296 with a significance value of 0.0576 (greater than 0.05). These results indicate that PAF Size has a negative but not statistically significant effect on audit delays. Therefore, hypothesis H1 is rejected. This finding aligns with previous studies by (Agustina & Jaeni, 2022; Febriana et al., 2024; Syachrudin & Nurlis, 2018), which also found that PAF size does not have a significant effect on audit delay. These results suggest that although Big Four PAFs are known to possess greater resources and a stronger reputation, this does not necessarily lead to a faster audit process. According to Febriana et al. (2024), both Big Four and non-Big Four PAFs follow the same auditing standards, namely the Public Accountant Professional Standards. This implies that differences in PAF size do not necessarily translate into differences in audit quality or speed. Syachrudin dan Nurlis (2018) also noted that engaging Big Four PAFs does not automatically accelerate the audit process compared to non-Big Four PAFs. In fact, some manufacturing companies using non-Big Four PAFs are able to complete audits more quickly in practice. This condition indicates that audit efficiency depends not only on the size of the PAF but is also influenced by the company's internal characteristics and the effectiveness of the audit process. According to agency theory, companies, as principals, choose large PAFs in hopes of better supervision and more efficient audits. However, the results of this study do not support this assumption. This may be due to other factors such as the complexity of financial statements, auditor workload, or internal policies within the PAF.

### ***The Effect of Profitability on Audit Delay***

Based on the results of the regression analysis, the profitability variable, measured using Return on Assets (ROA), has a coefficient of -53.93208 with a significance level of 0.0000 (less than 0.05). This indicates that every one-unit increase in ROA reduces audit delay by approximately 53.93 days, assuming other variables remain constant. Therefore, it can be concluded that profitability has a negative and significant effect on audit delay, and hypothesis H2 is accepted. This finding is consistent with Syachrudin & Nurlis (2018), who reported that companies with higher profitability tend to complete audits faster because they aim to promptly communicate positive information regarding substantial profits to the public. A high ROA encourages companies to submit financial reports in a timely manner. This is likely because high profitability represents positive information that companies wish to disclose immediately as a form of transparency and as a signal of management's success in resource management. Conversely, companies with lower profitability tend to delay reporting due to concerns about creating a negative impression among investors and stakeholders. This study's findings align with signaling theory, which posits that firms with strong financial performance are motivated to disclose such information promptly to provide positive signals to the market. By submitting financial reports on time, companies demonstrate credibility and strengthen investor confidence in their business prospects. These results are supported by previous studies by (Adela & Badera, 2022; Handoko, Muljo, et al., 2019; Harianto & Saputra, 2022; Nurrahmani et al., 2023).

### ***The Effect of Liquidity on Audit Delay***

Based on the results of the regression analysis, the liquidity variable, measured using the Current Ratio (CR), has a coefficient of -0.129067 with a significance level of 0.3254 (greater than 0.05), indicating that liquidity does not have a significant effect on audit delay. Therefore, the third hypothesis (H3) is rejected. This finding suggests that the company's ability to meet short-term obligations (liquidity) does not directly influence the timeliness of audit completion. In other words, high liquidity does not necessarily lead to faster audits, and low liquidity does not always result in delays. This may be because audit delays are more affected by other factors such as the complexity of financial statements, auditor workload, or internal reporting policies. According to Melosa & Rohman (Melosa & Rohman, 2022), liquidity only reflects a company's capacity to settle its short-term obligations, not its total debt. Thus, it cannot serve as a reliable indicator of the audit duration, as short-term liabilities only cover debts with maturities of less than 12 months. From the perspective of signaling theory, companies with high liquidity are expected to have an incentive to submit their financial reports promptly as a positive signal to the market. However, the findings of this study indicate that liquidity is not a dominant factor influencing audit timeliness. Therefore, the signal sent by liquidity may not be strong enough or may not be perceived as relevant in determining the speed of the audit process. These results are consistent with prior studies conducted by (Handoko, Muljo, et al., 2019; Mahira et al., 2024; Melosa & Rohman, 2022; Rusminah et al., 2024).

### ***The Effect of Asset Activity on Audit Delay***

Based on the results of the regression analysis, the asset activity variable has a coefficient of 1.030089 with a significance level of 0.3838 (greater than 0.05). This shows that asset activity does not have a significant effect on audit delay, so the fourth hypothesis (H4) is rejected. Companies with a high asset activity ratio show the ability to optimize the use of assets and

have good management so that they can achieve maximum profit, while companies with a low activity ratio are not yet efficient in utilizing assets to support business activities, but this aspect does not affect the time required by the auditor to conduct the audit (Rania Rochmah et al., 2022). According to signaling theory, high asset activity should be a positive signal that encourages management to accelerate the financial reporting process. However, the findings of this study indicate that the signal is not strong enough to influence the timeliness of the audit. These results contradict the findings of Endiana dan Apriada (2020) who reported that asset activity does affect audit delay. However, these results are consistent with research conducted by (Anggraini & Nur Triyanto, 2021; Prastyo, 2016; Rania Rochmah et al., 2022) which also found no significant relationship between asset activity and audit delay.

## Conclusion

Based on the results of this study, the variable of PAF size has a negative effect on audit delay, but the effect is not statistically significant. This indicates that the use of PAF Big Four does not necessarily accelerate the completion of the audit. In contrast, the variable of profitability as measured by Return on Assets (ROA) was found to have a statistically significant and negative influence on audit delay. This indicates that higher profitability is associated with shorter audit duration and more timely financial reporting. This suggests that firms with higher profitability tend to complete their audits more quickly, likely to convey a positive signal to the market. In contrast, the variable of liquidity as measured by Current Ratio (CR) and the variable of asset activity as measured by Total Asset Turnover (TATO) both did not show a significant effect on audit delay. These findings suggest that while internal financial performance plays a role in reducing audit delay, the involvement of larger audit firms or higher asset efficiency alone does not necessarily translate into faster audit completion. The coefficient of determination ( $R^2$ ) shows that the four independent variables in this model collectively only explain 13.62% of the variation in audit delay. The remaining 86.38% is likely influenced by other factors such as auditor workload, audit complexity, corporate governance, or the presence of audit committees may also be critical in explaining variations in audit delay which not be examined in this study. Based on these findings, future research is recommended to include additional relevant variables that can affect audit delay, especially those related to corporate governance and for further research can also expand the sample to cover a wider industry sector and extend the observation period to obtain more generalizable and comprehensive results. Practically, the findings underscore the importance of firm performance transparency and its implications for investor confidence. Regulators, practitioners, and stakeholders should consider these results when formulating policies aimed at reducing audit delay and enhancing financial reporting credibility.

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