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The Effect of Profitability, Solvency, and Liquidity on Audit Report Lag in the Period before and During the Covid 19 Pandemic

Wiwi Idawati[1], Hayu S. Prabowo[2], Dimas Ikhsan Rachmadi[3]
[1,2,3] Department of Accounting, STIE Indonesia Banking School, Indonesia

ABSTRACT

This study tries to ascertain whether the Covid 19 epidemic has an impact on audit report lag and whether profitability is proxied by ROA, liquidity is proxied by current assets, solvency is proxied by debt to equity ratio. Manufacturing firms in the pharmaceutical subsector that were listed on the IDX in 2016–2021 were used in this study. This study employed multiple linear regression techniques and descriptive statistics to evaluate the hypothesis. The study's findings demonstrate that the Covid 19 epidemic, liquidity, and solvency all have an impact on audit report latency. Profitability, however, has no impact on the delay in an audit report.

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Keywords:
Profitability, Liquidity, Solvability, Covid-19 Disease, Audit Report Lag.

I. INTRODUCTION

The manufacturing sector, according to the ministry of investment (BKPM), significantly boosted Indonesia's GDP by 7.07% in the second quarter of 2021, with growth of 6.91% despite the COVID19 pandemic's pressure. While this was happening, the manufacturing sector expanded by 3.68% in the third quarter of 2021, or 0.75% of Indonesia's enhanced economic growth. This strength demonstrates that the industrial sector's growth orientation is on target and is anticipated to become a driving force for the national economy, with a goal of contributing more than 20% to GDP by 2024.

Based on data from the Indonesia Ministry of Industry, the contribution of the sector plays a very important role in the national GDP of 17,34% in the second quarter of 2021. The top two corporate sectors come from Food & Beverage (6,66%) and Pharmaceuticals, Drugs & Traditional Medicine (1,96%). The Indonesian Ministry of Industry contributes 8,62% to GDP from two industrial sectors and encourages addtional development, especially those related to food & essential oil.

Covid-19 has increased the income of pharmaceutical and drug sector companies, this is due to the massive spread of the Covid-19 and vitamins to prevent the Covid-19 Virus from increase, this has made pharmaceutical companies tend to speed up filing of a financial report to public.

The IDX has been monitoring listed firms since January 30, 2020, and as of that date, 6 of those listed companies have not complied with their requirements. This issue causes delays in the submission of audit reports to corporations. There are two companies: PT Golden Plantation Tbk (GOLL) and PT Tiga Pilar Sejahtera Food Tbk (AISA), both of which have not met their requirements, including providing Financial Statements as of September 30, 2019, and paying fines. Since 5 July 2018 (AISA) and 30 January 2019 (GOLL), suspensions on the Market have been imposed as penalties against these 2 companies.

Then there are PT Sugih Energy Tbk (SUGI) and PT Evergreen Invesco Tbk (GREN), both of which were in the situation of not having submitted their financial statements as of September 30, 2019, and not having completed any debt payments. Hukuman has been provided for the two businesses in question by placing them on hold throughout the market as of the dates 11 July 2019 (SUGI) and 19 June 2017 (GREN). Last but not least, there is PT Nipress Tbk (NIPS) dam PT Cakra Mineral Tbk (CKRA), both of which are in the situation of not yet submitting their financial statements as of September 30, 2019, and not yet paying their debts in full. Hukuman has been provided for the two businesses in question in order to place them on suspension throughout the market as of the dates of July 1 (NIPS) and June 5 (CKRA) Wiwi dan Ayunda (2022).

Corresponding Author: Wiwi Idawati

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The chance to persuade investors to buy corporate assets will be lost if the public release of financial reports is postponed. Administratively speaking, companies will be subject to penalties based on Government Regulation No. 45 of 1995 concerning the implementation of capital market activities, chapter XII, article 63 letter e, which states that every public company listed on the IDX will be fined Rp. 1,000,000.00 for each delay in submitting financial reports with a maximum fine of IDR 500,000,000.00. In order to avoid administrative penalties, institutions that are listed on the Indonesia Stock Exchange will rush to submit financial reports to institutions.

Financial Services Authority (OJK) perfected the issuance of the regulation No.44/POJK.04/2020 concerning "Submission of Annual Reports of Issuers of Companies that Have Go Public" containing that every company listed on Indonesia Stock Exhange (IDX) has an obligation to submit financial reports to OJK and Financial Institutions no later than 6 months after end of the financial year or 150 days.

The amount of time between when audit activities are finished and when they are submitted to the public is known as the audit delay. Audit Delay is another name for when the audit completion procedure is finished. The Lag Audit Report's time frame results in an average of 68.09 days. In contrast to the study done by Walker and David (2006), the typical lag time for an audit report is 63.8 days.

According to Salwa Febrianti and Sudarno (2020), a go-public company's reputation will suffer if its financial reports are released late.

II. LITERATURE REVIEW

Agency Theory

Jensen and Meckling in 1976, analyzes the interaction between management and shareholders. The agent's and the principal's interests frequently conflict and can lead to tension between the two parties. An audit must be performed by a third party independent auditor as a compromise to resolve the conflict of interest between the two. The management of the company anticipates that the auditor will finish the financial statements on schedule so that the data in the report can be presented.

Signaling Theory

The importance of the information released by corporations on investor decisions will be highlighted using signaling theory. Because information, notes, or descriptions are available for past, present, and future conditions for the continuity of the company's activities, this is a crucial component for investors and businesspeople. The primary advantage of this idea is the promptness with which financial reports are published, which is a favorable sign from the company because the financial statements include significant information (Natasha, A Saphirra., Wiwi, Idawati, & Eddy Susanto,2023)

Audit Report Lag

According to Mazkiyani and Handoyo, 2017 Audit Report Lag, the time it takes to obtain the findings of an audit report from an independent auditor, starting from the date the company's books close to the date printed on the report from the independent auditor, constitutes the period of completion of a financial report audit.

Profitability

Desi Ramadani, 2017 Net income from the different policies and actions made by the management of the organization is what determines profitability. The level of effectiveness of a company's asset management can be determined ultimately by profitability.

Liquidity

Listiana dan Susilo, 2012 The ability of the business to fulfill short-term obligations on time is demonstrated by its liquidity. Liquidity is used because it is a good indicator of a company's wealth and ability to fulfill its obligations.

Solvency

Desi Ramadani, 2017 A measure of a company's capacity to handle all of its commitments, including short- and long-term debt, is called solvability. A business will be able to file its financial reports on schedule if it can settle all of its debts.

Profitability and Audit Report Lag

Fujianti, dan Satria (2020) have the opinion that great profitability will result in a reduced tendency for audit delays. This is due to the fact that highly profitable businesses do not require a protracted auditing procedure of their financial statements since their internal stakeholders will want the prompt publication of positive news for investment decision-making (wiwi,idawati and Ayunda, 2022). This suggests that profitability affects audit report latency favorably.

H1: The audit report latency is positively impacted by profitability.

Liquidity and Audit Report Lag

Liquidity is a measure of a company's capacity to fulfill its obligations is its liquidity. The company's financial liabilities are displayed in liquidity and must be settled as quickly as possible. Luh Nyoman Ni According to Adi Kusuma Dewi and I Dewa Nyoman Wiratmaja (2016), creditors and investors pay close attention to liquidity. This shows that if the company has high liquidity, it means that the financial condition owned is considered very good because the assets owned by the company are considared capable of being liquidated to pay of obligations when the loan period is due or billed.

H2: Liquidity has a positive influence on audit report lag

Solvency and Audit Report Lag

A measure of a company's capacity to fulfill all financial obligations and keep the business afloat for a very long time is called "solvency." Indah Permata Sari et al. (2014) state that. This suggests that solvency influences audit report lag favorably.

H3: Solvency has a positive influence on audit report lag

Covid-19 and Audit Report Lag

The Covid-19 epidemic, according to Rizki Septiansyah and Wiwiek Prihandini (2022), is a catalyst for delays in Audit Report Lag because it can lower corporate revenue and result in financial troubles.

H4: Covid-19 has a positive influence on audit report lag

III. RESEARCH METHOD

Object of Research

All manufacturing businesses in the pharmaceutical industry that are listed on the Indonesia Stock Exchange (IDX) for the years 2016 through 2021 are the study's subjects. The company's annual report, which was received through the website of the Indonesian Stock Exchange, served as the secondary data source for this study.

Variable Operationalization

The value of the audit report lag of manufacturing businesses listed on the Indonesia Stock Exchange is the dependent variable employed in this study. The audit delay variable is determined by counting the days between the financial statements' closing date and the day the independent auditor signs the audit report. This is evident from an analysis of the financial statements.

Independent variables are variables that affect the existing dependent variables. In this study, researchers used the dependent variables namely Profitability, Liquidity, and Solvency. The research data to calculate ROA (Return on 2.

Assets) are net income and average total assets, the DER (Debt Equity Ratio) variable is total liabilities and total assets, while what is used in calculating the company's liquidity level is the current ratio.

Regression Models

The extent of the independent variable's influence on the dependent variable is assessed using this regression model. The following regression equation model will be utilized to assess the hypotheses in this study:

Regression Research 1 (2016-2019)

$$ARL = \alpha\ 0_{it} + \beta_1 ROA_{it} + \beta_2 CR_{it} + \beta_3 DER_{it} + \varepsilon_{it}$$

Explanation:

ARL : Audit Report Lag
a : Constant
ROA : Return on Assets
CR : Current Ratio
DER : Debt to Equity Ratio

Regression Research 2 (2018-2021)

$$ARL = \alpha\ 0_{it} + \beta_1 ROA_{it} + \beta_2 CR_{it} + \beta_3 DER_{it} + \beta_4 COV_{it} + \varepsilon_{it}$$

Explanation:

ARL : Audit Report Lag
a : Constant
ROA : Return on Assets
CR : Current Ratio
DER : Debt to Equity Ratio
COV19: Dummy Pandemic Covid-19

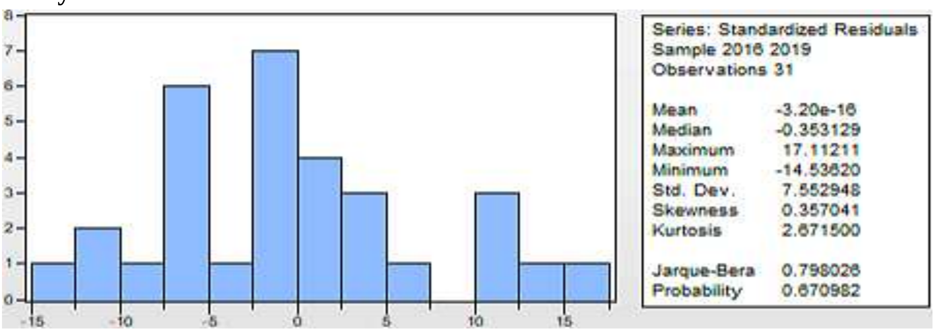
IV. RESULTS AND DISCUSSION

Normality Test

The regression model's data are examined using the normality test to determine whether or not they are regularly distributed.

1. Normality Test for Regression I (2016-2019)

Table 1. Result Normality Test 1

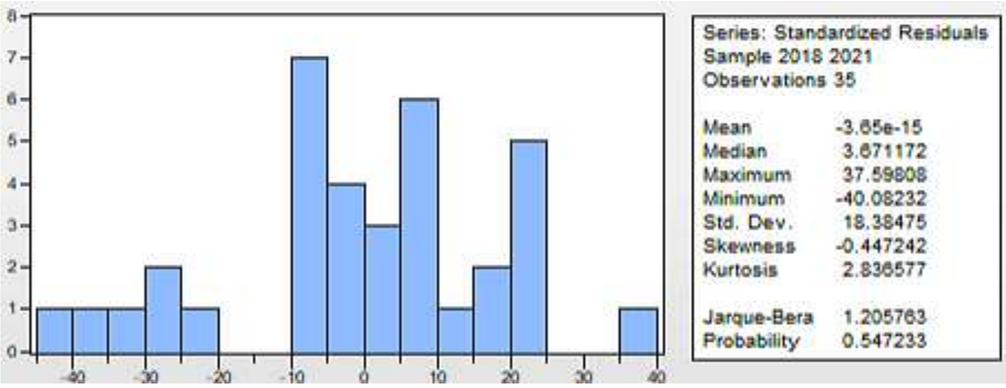


Source: Scunder data processing, 2023

Based on the picture above, it is knowm that the normality test after outlier (removal of data) of data 1 (Indo Farma Tbk in 2019) is carried out because the distance between the average value to the data is too far, showing probability result of 0.547233 where the value is stated to be greater of 5% or 0.05 with a total of 35 observations.

3. Normality Test for Regression 2 (2018-2021)

Table 2. Result Normality Test 2



Source: Scunder data processing, 2023

Based on the picture above, it is known that the normality test after outliers (removal data) of 1 data (Indo Farma Tbk in 2019) is carried out because the distance between the average value to the data is too far, showing a profitability result of 0.547233 where the value is stated to be greater of 5% or 0.05 with a total of 35 observations. Consequently, it may be said that the two research equations for 2018–2021 use normally distributed data. The data used in 2 research equations for 2018 – 2021 are normally distributed.

Panel Data Analysis

It is important to select the right panel data model when using panel data in research. There are three methods for the panel data model: common effect, fixed effect, and random effect. It is essential to conduct the testing initially before deciding on the model approach.

It can be deduced from the results of the Chow Test, Hausman Test, and Lagrange Multiplier Test that the model used in equation 1 is a fixed effect model while the model used in research 2 is a random effect model.

Descriptive Statistics

The properties of each variable in this study are described through descriptive statistics. The mean value, maximum value, minimum value, and standard deviation of each variable are the outcomes of the information described.

Table. 3. Descriptive Statistics

Regression 1 (2016-2019)						
Variable	Mean	Max.	Min.	Std. Dev.	Skew	**Observations**
ARL	71.22581	91.00000	41.00000	12.99669	-0.579547	**31**
ROA	0.119494	0.921000	-0.030300	0.163245	3.927814	**31**
CR	3.097248	8.318200	0.993600	1.728361	1.374184	**31**
DER	0.658755	1.906200	0.833000	0.566930	1.128182	**31**
Regression 2 (2018-2021)						
Variable	Mean	Max.	Min.	Std. Dev.	Skew	**Observations**
ARL	78.34286	126.0000	36.00000	20.70797	-0.275177	**35**
ROA	0.108771	0.921000	-0.022700	0.159850	3.919397	**35**
CR	2.518431	4.657700	0.897800	1.216604	1.742066	**35**
DER	0.955686	3.824800	0.149900	0.910920	1.476496	**35**
COV	0.514286	1.000000	0.000000	0.507093	-0.057166	**35**

Source: Scunder data processing, 2023

Audit Report Lag is the dependent variable in the regression model of this study. The average ARL value is 71.22581 for the observation of the 1 (one) research model for the 2016-2019 period and 18.34286 for the observation of

2 (two) research model for the 2018-2021 period. The higher the ARL value, it can be said that the company's condition is getting worse. The standard deviation value in the research equation model 1 (one) is 12.99669 and in the research equation model 2 (two) is 20.70797. The two research equations obtained an average value greater than the standard deviation value, which means that there is no high data deviation so there is no potential to cause bias.

The maximum value of ARL for the observation of the research equation model 1 (one) for the 2016-2019 period is 91.00000 which is found in the Darya Varia Tbk company in 2018 and the observation of the 2 (two) research model for the 2018-2021 period is 126,0000 which is in the Pyridam Farma Tbk company in 2021, this indicates that Darya Varia Tbk in 2018 and Pyridam Farma Tbk in 2021 have ARL values that are above average compared to other companies. The minimum value of ARL for observation of the research equation model 1 (one) for the 2016-2019 period is 41.0000 which is found in the Sido Muncul Tbk company in 2019 and the ARL for observing the research equation model 2 (two) for the 2019-2021 period is 36.0000 which is in the Sido Muncul company Tbk in 2021, this indicates that Sido Muncul Tbk in 2019 and Sido Muncul Tbk in 2021 have an ARL value that is below the average compared to other companies.

Return on Assets (ROA) is a measure used in profitability ratios in the level of profit based on assets. The average value of ROA is 0.119494 for the observation of the 1 (one) research model for the 2016-2019 period and 0.108771 for the observation of 2 (two) research models for the 2018-2021 period. The higher the ROA value, it can be said that the company is very good at getting net profit based on the assets it owns. The standard deviation value in the research equation model 1 (one) is 0.163245 and 0.159850 in the research equation model 2 (two). The average value in research 1 and 2 is smaller than the standard deviation value. These results can show that the mean value in studies 1 and 2 is smaller than the standard deviation value, which means that the ROA data in studies 1 and 2 is not good enough and has a wide distribution of variables. The maximum value in the research equation model 1 (one) for the 2016-2019 period and 2 (two) research for the 2018-2021 period is 0.921000 which was recorded at the Merck Tbk company in 2018. This indicates that Merck Tbk in 2018 had an ROA value of at above average compared to other companies.

The minimum value in the research equation model 1 (one) is -0.03030 which was recorded at the Indofarma Tbk company in 2017, for the research equation model 2 (two) is -0.022700 which was registered with the Indofarma company in 2018, this indicates that Indofarma Tbk in 2017 and 2021 have ROA values that are below average compared to other companies. Current Ratio (CR) is one of the measurements used in the Liquidity ratio in the level of a company's ability to pay its obligations.

The average value of CR is 3.097248 for the observation of the 1 (one) research model for the 2016-2019 period and 2.518431 for the 25 observation of 2 (two) research models for the 2018-2021 period. The higher the CR value, the better the company is in paying its obligations based on its current assets. The standard deviation value in the research equation model 1 (one) is 1.374184 and in the research equation model 2 (two) is 1.216604. The two research equations obtained an average value greater than the standard deviation value, which means that there is no high data deviation so there is no potential to cause bias. The maximum value in the research equation model 1 (one) is 8.318200 which was recorded at the company Merck Tbk in 2016, for the research equation model 2 (two) is 4.657700 which was recorded at the company Kalbe Farma Tbk in 2018, this indicates that Merck Tbk in 2016 and Kalbe Farma Tbk in 2018 have a CR value that is above the average compared to other companies. The minimum value in the research equation model 1 (one) is 0.99360 which is recorded at the Kimia Farma Tbk company in 2019, for the research equation model 2 (two) is 0.897800 which is recorded at the Kimia Farma Tbk company in 2020, this indicates that Kimia Farma Tbk in 2019 and 2020 the CR values are below average compared to other companies.

Debt to Equity Ratio (DER) is measured by comparing total liabilities with total equity. The average DER value is 0.658755 for observation of the 1 (one) research model for the 2016 2019 period and for 2 (two) research model observations for the 2018-2021 period of 0.955686. The lower the DER, the better the condition of the company. The standard deviation value in the research equation model 1 (one) is 0.568698 and in the research equation model 2 (two) is 0.910920. The two research equations obtained an average value greater than the standard deviation value, which means that there is no high data deviation so there is no potential to cause bias. The maximum value in the research equation model 1 (one) is 1.906200 which is recorded at the company Indo Farma Tbk in 2017, for the research equation model 2 (two) is 3.824800 which is recorded at the company Pyridam Farma Tbk in 2021, this indicates that Indo Farma Tbk in 2017 and Pyridam Farma Tbk in 2021 has a DER value that is above the average compared to other companies. The minimum value in the research equation model 1 (one) is 0.083300 which was recorded at the Sido Muncul Tbk company in 2016, for the research equation model 2 (two) is 0.149900 which was recorded at the Sido Muncul Tbk company in 2018, this indicates that Sido Muncul Tbk in 2016 and 2018 the DER values were below the average compared to other companies.

The variable used in the analysis of research equation 2 (two) is a pandemic using a dummy. The average value is 0.514286 with a standard deviation value of 0.507093. The average value 02 has a value greater than the standard deviation, this indicates that there is no high data deviation so there is no potential to bias.

Multicollinearity Test

To determine whether there is a correlation between the independent variables in the regression model, the multicollinearity test is utilized.

Tabel 4. Multicollinearity Test

Research 1 (2016-2019)

	ROA	CR	DER
ROA	1.000000	0.137805	-0.121308
CR	0.137805	1.000000	-0.744667
DER	-0.121308	-0.744667	1.000000

Research 2 (2018-2021)

	ROA	CR	DER	COV19
ROA	1.000000	0.228164	-0.249982	-0.146622
CR	0.228164	1.000000	-0.771689	-0.045618
DER	-0.249982	-0.771689	1.000000	0.141589
COV19	-0.146622	-0.045618	0.141589	1.000000

Based on the table above, it can be seen that the value of the correlation coefficient between independent variables is below 0.90. It can be concluded that the data in regression model are free from multicollinearity.

Heteroscedasticity Test

The heteroscedasticity test is used to determine whether there is a variance inequality between different residual observations in the regression model.

Tabel 6. Result Heteroscedasticity Test 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.420659	4.157351	0.341722	0.7361
ROA	-11.18358	5.850626	-1.911518	0.0704
CR	0.510714	0.828470	0.616454	0.5445
DER	6.364649	4.024297	1.581555	0.1294

Based on the table above shows probability value of each independent variable is greater than 0.05. It can be concluded that the regression model data passes the heteroscedasticity test.

Autocorrelation Test

The Autocorrelation Test in this study serves to test whether in a linear regression model there is a correlation between interrupt errors in the current period and interrupt errors in the previous period.

Tabel 6.Result Autocorrelation Test

Research 1 (2016-2019)			
Durbin Watson stat			2.1514
N	K	DL	DU
31	3	1.2292	1.6500
Research 2 (2018-2021)			
Durbin Watson stat			1.6946
N	K	DL	DU
35	4	1.2221	1.7259

Based on the table above, for research equation 1 (2016-2019) the Durbin-Watson value is 2.1514. This autocorrelation test has three independent variables or k = 3 with a total of 31 observations (N), so a dL value of 1.2292 can be obtained, and a dU value of 1.6500. Furthermore, it produces a 4-dU value of 2.3500 and a 4-dL of 2.7708. It can be concluded that the research equation 1 is free from autocorrelation. For research equation 2 (2018-2021) the Durbin-Watson value obtained is 1.6946. The autocorrelation test in this equation has four independent variables or k = 4 with a total of 35 observations (N), so a dL value of 1.2221 can be obtained, and a dU value of 1.7259. Furthermore, it produces a 4-dU value of 2.2741. It can be concluded that in equation 2 it is not free from autocorrelation.

Regression Test

Regression analysis is used to gauge the extent of an independent variable's influence on a dependent variable when there are multiple independent variables included in the study.

Tabel 7.Result Regression Test 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Kesimpulan
C	32.16273	10.97214	2.931308	0.0083	-
ROA	-6.022598	20.25680	-0.297312	0.7693	UnSig
CR	7.443666	2.210551	3.367335	0.0031	Sig
DER	25.39315	11.99988	2.116116	0.0471	Sig
R-squared					0.662272
Adjusted R-squared					0.493408
Prob(F-statistic)					0.004502

Based on the table above, the regression equation is obtained as follows:

$$ARL = 32.16273 - 6.022598\ ROA_{it} + 7.443666\ CR_{it} + 25.39315\ DER_{it} + \varepsilon_{it}$$

Tabel. 8. Result Regression Test 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Kesimpulan
C	84.86351	17.83288	4.758823	0.0000	-
ROA	-20.56004	12.77012	-1.610012	0.1179	UnSig
CR	-5.841318	5.077310	-1.150475	0.2590	UnSig
DER	5.275152	3.912870	1.348154	0.1877	UnSig
COV19	10.08730	3.095455	3.258747	0.0028	Sig
R-squared					0.510690
Adjusted R-squared					0.445448
Prob(F-statistic)					0.000191

V. DISCUSSION

Return on Assets to Audit Report Lag

The analysis of the regression test findings above demonstrates that ROA has no impact on Audit Report Lag (ARL). Public and investor opinions were not significantly impacted by the amount of ROA in pre-pandemic studies or during the pandemic in the 2016–2019 and 2018–2021 periods. This is evidenced by the Prob value (0.7693) > a (0.05) with a coefficient value of -6.022598 in the 2016-2019 research period (table 4.12) and the Prob value (0.1179) > a (0.05) with a coefficient value of -20.56004 in the research period 2018-2021 (table 4.13). This is due to the fact that most investors are looking at it in terms of asset profit, so that the size of the ROA does not affect management in publishing financial reports. The results of this study are in line with the results of previous research conducted by Greta Juanita., (2012); and Ida Ayu et al., (2021).

Current Ratio to Audit Report Lag

Different outcomes are shown by the study on the regression test table above. The manufacturing companies in the pharmaceutical sub-sector listed on the IDX between 2016 and 2019 may be seen in the table above, where CR has a favorable impact on Audit Report Lag (ARL). However, the research table for manufacturing firms in the pharmaceutical sub-sector listed on the IDX in the 14 2018–2021 timeframe shows that CR has no impact on Audit Report Lag. The Prob values (0.2590) > a (0.05) and (0.0031) > a (0.05) with coefficient values of 7.443666 and -5.841318, respectively, in the 2016–2019 research period and 2018–2021 research period, respectively, provide evidence for this.

The results of the study in the pre-pandemic period showed that in the pharmaceutical sub sector manufacturing companies listed on the IDX in the 2016-2019 period, CR had a positive effect on Audit Report Lag. This shows that the higher the level of liquidity, the faster the process of making financial reports because the level of auditor confidence will be better if the company's liquidity is high. So that many investors are looking in terms of long-term assets. The results of this study are in line with the results of previous research conducted by Ryan Rich Tampubolon., & Valentine Siagian., (2020); and Ula., & Hidayat., (2022).

The size of the CR in research during the pandemic in the 2018-2021 period did not greatly affect public or investor perceptions. This is because companies want to submit financial reports in a timely manner without having to look at high or low liquidity. The results of this study are in line with the results of previous research conducted by Tannuka., (2019); and Sofi Dwi Agustina.., & Jaeni., (2022)

Debt to Equity Ratio to Audit Report Lag

The research's findings are depicted differently in the regression test table above. DER improves Audit Report Lag (ARL) in manufacturing enterprises in the pharmaceutical sub-sector listed on the IDX between 2016 and 2019. However, DER has no impact on Audit Report Lag for manufacturing firms in the pharmaceutical subsector listed on the IDX for the 2018–2021 timeframe. The Prob values (0.0471) a (0.05) with a coefficient value of 25.39315 for the 2016–2019 research period and (0.1877) >a (0.05) with a coefficient value of 5.275152 for the 2018–2021 research period provide evidence for this. The results of the research on the 2016-2019 period table show that DER has a positive influence on Audit Report Lag. This is because the size of the company's total debt will affect the process of completing the audit of the company's financial statements so that it will increase the auditor's time in auditing the company's financial statements. The results of this study are in line with the results of previous research conducted by Prabowo., (2019); and Ryan Rich Tampubolon., & Valentine Siagian., (2020). The size of the DER in research during the pandemic in the 2018-2021 period did not significantly affect public or investor perceptions. This is because companies want to submit financial reports in a timely manner without having to look at high or low solvency. Sugi Tannuka., (2019); and Ni Komang Aris Sumartini & Ni Luh Sari Widhiyani., (2014).

Pandemi COVID-19 to Audit Report Lag

The analysis of the 2018–2021 time table's findings demonstrates that COV19 has a favorable impact on Audit Report Lag (ARL). The Prob value (0.0028) (0.05) with a coefficient value of 10.08730 for the 2018–2021 research period provides proof of this. This explains that the pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange were affected by the Covid-19 pandemic because many people would want to find drugs to meet public health needs.

Managerial Implications

This study makes a contribution to our understanding of the variables that can influence audit report lag as revealed by the financial report disclosures made prior to and during the Covid-19 pandemic. This research can be used by people who require it, such as management when making decisions, as well as by those who use financial statements, including investors and individuals with other interests (Natasha,A Saphirra., Idawati, W (2023).

According to the study's findings, liquidity has an impact on audit report lag, particularly between 2016 and 2019. The liquidity of a corporation will be impacted by its high current debt load. The current ratio, which serves as a proxy for liquidity, can be used to assess the company's short-term debt repayment capacity.

Similar to how liquidity affects audit report lag, this study's findings also show that solvency matters, particularly between 2016 and 2019. As a result, a more thorough inspection process is required, and the auditor must be more cautious about the financial statements to be audited. A company's solvency, which affects the continuity of the operations of the company as well as the working capital that will be used by management in the production of goods as well as the costs needed by workers in their work, will be impacted by the high proportion of debt held by the company. This necessitates that manufacturers in the pharmaceutical sub-sector pay close attention to their capacity to handle all of their debts. It can be asserted that pharmaceutical firms have a high overall level of impact in a favorable direction.

VI. CONCLUSION

Before and during the Covid-19 epidemic, Return on Assets (ROA) had no impact on Audit Report Lag (ARL).Prior to the Covid-19 pandemic, Current Ratio (CR) had an impact on Audit Report Lag (ARL), but it had no impact during the pandemic.Prior to the Covid-19 outbreak, the Debt to Equity Ratio affected Audit Report Lag (ARL), but it had no impact during the pandemic.The impact of COVID 19 on Audit Report Lag (ARL) is favorable.study has limitations, hence it is suggested that additional research would be more beneficial.

The following recommendations are made by this study:To extend the research year duration, subsequent research can use additional manufacturing enterprises in different sectors. Additional research can make use of additional profitability indicators like Net Profit Margin or Return on Invested Capital, additional liquidity indicators like the Loan to Deposit Ratio, and additional solvency indicators like the debt ratio or times interest ratio.

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