

Audit Delays Before and During the Pandemic: Are Financial Distress and Profitability Important?

Nella Juwita Tarekar¹, Aisyaturrahmi²

Accounting Programme, Faculty of Economics & Business, Universitas Negeri Surabaya

Email: nella.19033@mhs.unesa.ac.id

ABSTRACT

This study examines how financial distress and profitability impact audit delay in healthcare companies before and during a pandemic. While many firms face economic challenges and delayed financial reporting during pandemics, healthcare companies demonstrate timely reporting and positive economic growth. The objective of this quantitative research is to assess these variables' influence on audit delays and determine differences in audit delay circumstances in healthcare firms before and during the pandemic. This research is a valuable reference for firms managing operations to prevent audit delays and for investors considering healthcare companies as investments, especially during unforeseen events. Utilizing statistical analysis, including partial T-tests and paired sample T-tests with SPSS version 25, the study focused on 12 healthcare companies listed on the IDX (Indonesian Stock Exchange). Findings indicate that financial distress has no effect on audit delay, while profitability negatively influences audit delay in both periods. Furthermore, differences in audit delay exist between the pre-pandemic and pandemic conditions.

Keywords: Audit Delay; Financial Distress; COVID-19 Pandemic; Healthcare Firms; Profitability

INTRODUCTION

The COVID-19 pandemic that occurred in March 2020 required investors to make more careful calculations when making investment decisions in order to continue to make profits (Tambunan, 2020). Therefore, every public company listed on the stock exchange is required to publish its annual report in a timely manner to stakeholders (Prabasari & Merkusiwati, 2017). This requirement is in line with compliance theory, which states that companies must comply with regulations regarding the publication of corporate financial reports. This regulation was designed in the Decree of the Chairman of BAPEPAM and LK Number: KEP-346/BL/2011 regarding the submission of issuers' financial reports within 3 (three) months after the company's last fiscal year-end. However, during the pandemic, the government issued Press Release 18/DHMS/OJK/III/2020 regarding the extension of the deadline for financial reports and General Meeting of Shareholders (GMS), which added two (2) months to the normal deadline for companies to submit their annual financial reports.

The COVID-19 pandemic has caused many companies to experience financial and operational difficulties due to drastic changes in supply and demand (García-Madurga et al., 2021). Companies must revitalize their businesses by reorganizing strategic measures to recover their condition and adapt to the "new normal" situation as a proper response to the COVID-19 pandemic, which will increase business complexity and audit delay periods (Garrido-Moreno et al., 2021). Policies enacted during the pandemic, such as large-scale social restrictions or known as PSBB (Pembatasan Sosial Berskala Besar) in Indonesia, also made it difficult for companies to increase sales and maintain business stability, causing many companies to experience financial distress (Pane et al., 2022). If a company experiences financial distress, auditors are required to be more thorough and careful in reviewing the company's financial statements in order to produce relevant and reliable audit reports. This can result in longer audit delays because it will extend the time for audit examinations and cause delays in the publication of the company's annual financial statements (Sabella et al., 2021; Wijasari & Wirajaya, 2021; Wiryakriyana & Widhiyanti, 2017). The audit process, particularly in the audit planning stage, takes longer for companies experiencing financial distress due to increased control and detection risks (Sari et al., 2019).

The PSBB imposed by the government during the pandemic also caused a 'shock' to company profitability due to increased uncertainty in the corporate environment, which will affect the company's operating results as stated in the financial statements (Viaranti & Handri, 2021). Information related to the financial health and operational performance of companies as stated in their financial statements helps investors make investment decisions using financial ratio analysis (Tuhepaly & Widodo, 2017). Investors will look at a company's profitability ratio as a consideration before investing. Referring to

signal theory, companies with high profitability want to immediately convey positive signals to stakeholders so that the company can immediately release audited annual reports and attract more investors (Khoufi & Khoufi, 2018; Palupi & Karmudiandri, 2021). On the other hand, loss-making companies (low profitability) take longer to release their annual reports because companies with “bad news” will need more time to publish their annual reports (Wijayanti & Effriyanti, 2019). This is supported by Afify's (2009) argument in Nouraldeem et al. (2021) that companies need more time to verify reported income or search for income that may not yet be listed before publishing audited annual financial reports. The length of time required to audit these financial reports will affect the length of the audit delay.

The healthcare industry has become one of the most important industries during this uncertain pandemic period due to its stable operations (Valencia et al., 2022). The emergence of the pandemic has actually led to an increase in demand for healthcare supplies in the healthcare industry due to changes in people's lifestyles and a healthier environment, as evidenced by the use of masks, thermometers, and consumption of multivitamins, which were previously only intended for sick people, but have become daily necessities for the community after the pandemic (Sagara et al., 2021). The shift towards a healthier lifestyle has led to continued positive economic growth for healthcare companies or healthcare services during the pandemic compared to other industrial sectors. Gross Domestic Product (GDP) figures can provide evidence of economic growth in each business sector, as shown in the following graph:



Figure 1. Percentage of Economic Growth in Several Business Fields from 2018 to 2021
(Source: Processed Data from Badan Pusat Statistik Indonesia, 2023)

From Figure 1, it can be seen that compared to other corporate sectors, the healthcare sector experienced positive economic growth and led with GDP growth of 11.6% in the early years of the pandemic, namely 2020. The good economic growth of healthcare companies shows that healthcare companies did not experience difficulties in running their businesses amid the pandemic when compared to other industrial sectors (Crucean & Hategan, 2021). All healthcare companies listed on the IDX have submitted their audited financial reports, in accordance with the Announcement of Submitted Audited Financial Reports released periodically by the IDX, although there are still several businesses in other sectors that are late or have not even submitted their audited financial reports.

Due to the impact of the COVID-19 pandemic on a large number of businesses, many companies experienced negative economic growth and delays in submitting their financial reports. However, healthcare companies completed their financial reports on time and experienced positive economic growth. Thus, the influence of financial conditions such as financial distress and profitability on audit delays affected by the pandemic needs to be examined. Although several studies related to audit delays have been conducted, the results are still quite inconsistent. Therefore, this study aims to determine the effect of financial distress and profitability on audit delays in healthcare companies before and during the pandemic. In addition, this study also aims to determine whether there are differences in audit delays in healthcare companies before the pandemic (2018-2019) and during the pandemic (2020-2021).

LITERATURE REVIEW

Compliance Theory

In accordance with the definition of the word “compliant,” which means disciplined and obedient, compliance theory refers to a form of discipline in implementing established regulations. Compliance for companies is voluntary, but as a form of corporate responsibility to stakeholders, companies must provide financial reports that accurately represent their actual circumstances and practices in a timely manner (Afify, 2009: 60). Compliance theory encourages companies to obey government regulations by striving to submit annual financial reports on time because it is the company's obligation and will be beneficial to users of financial reports (Prabasari & Merkusiwati, 2017: 1711; Saputra & Ramantha, 2017: 1597). In this case, companies are required to comply with applicable regulations and laws in presenting and submitting their annual financial reports, by complying with Regulation No. 20/POJK.04/2021 concerning the Preparation of Financial Statements of Securities Companies and other officially released regulations such as the Decree of the Chairman of BAPEPAM & LK Number: KEP-346/BL/2011 concerning the submission of financial statements of issuers or public companies, as well as other circular letters related to the pandemic situation. Through this theory, companies are expected to be able to submit their annual reports on time to avoid audit delays.

Signalling Theory

Signaling theory refers to the idea that the signaler (company) credibly conveys some information about itself to the signal receiver (investor) in order to minimize or eliminate information asymmetry between the two parties (Chandler, et al., 2019: 9; Shimizu & Uchida, 2018: 57). For signaling theory to be realized, there must be three elements in signaling, namely: the signaler, the signal receiver, and the signal itself (Shimizu & Uchida, 2018: 58). Conelly, et al. (2011) in (Chandler et al., 2019) state that there are two forms of signals used by companies to reduce information asymmetry, namely positive signals and negative signals. The signaler is the party that has information to give to the receivers. In this case, companies are signalers that provide signals in the form of financial and non-financial information through the publication of annual financial reports to receivers or investors. Furthermore, investors as receivers will interpret the signals or information obtained to assist them in making investment decisions.

Companies are required to report their financial statements transparently to investors so that management will always strive to disclose information that is considered very important to investors, especially information in the form of positive signals to enhance the company's reputation and value (Abdullah, 2018: 533). Thus, companies with positive signals will accelerate the release of financial reports to convey “good news” regarding the success of their performance in a certain period to attract more investors quickly (Khoufi & Khoufi, 2018: 704). Meanwhile, companies with negative (bad) signals will do the opposite. Companies spend more time releasing their financial reports because they need to re-examine and revise their financial reports to make them look better before conveying their signals to investors (Nouraldeem, et al., 2021: 5).

Audit Delay

After the company prepares its financial statements, they are then audited by an independent auditor. According to Al-Ajmi (2008) in Abdillah, et al. (2019), the audit delay period is calculated based on the number of days between the end of the fiscal year (December 31) and the date of signing the audit opinion report. This time interval is also referred to as the auditors' signature lag. The audit report date itself is the date when the auditor issues an audit opinion supported by adequate and appropriate audit evidence, including evidence that the company's financial statements have been presented fairly and includes a statement of management's responsibility for the company's financial statements (Lai, et al., 2020: 852).

Financial Distress

Financial distress or financial difficulties experienced by companies during the pandemic is a situation where the company's financial health is problematic, experiencing a crisis, and this condition occurs before the company goes bankrupt. Financial distress experienced by companies indicates that the company's management is not competent in managing or maintaining the stability of its financial performance so that sales are not maximized and company revenues decline (Sabella, et al., 2021: 61).

Financial distress in this study is reviewed from the perspective of company solvency, which is measured by the Debt-to-Assets Ratio (DAR). This ratio is used to measure a company's ability to pay its debts and assess the amount of assets derived from debt.

Profitability

Profitability indicates a company's capacity to generate profits from its operational activities, assets, and specific share capital. The higher the profitability, the better the company's performance is considered to be, and the lower the likelihood of the company going bankrupt (Hilman & Laturette, 2021: 370; Kabir & Saleh, 2020: 92-93). While companies with low profitability take longer to complete their audit procedures, companies with high profitability often release their audited reports more quickly (Khoufi & Khoufi, 2018: 704). Auditors will work more carefully when auditing loss-making companies because they will suspect that the losses incurred by the company are caused by pure financial failure or fraud and deception by management (Carslaw & Kaplan, 1991: 24).

Return on Assets (ROA) is used to measure a company's profitability based on the level of assets it owns. If ROA is high, then the productivity of the company's assets in generating profits is also high. This ratio is a benchmark for the success of a company's performance effectiveness and a source of information for investors in determining the rate of return on their investment (Viaranti & Handri, 2021: 41-42).

Hypothesis Development

Companies experiencing financial distress require auditors to be more thorough and vigilant against the risk of fraud in order to produce credible and relevant audited financial statements, thereby lengthening the audit delay period. Meanwhile, according to signaling theory, companies want to send positive signals as soon as possible, meaning that they want to convey their achievements and profits during the current year to the public (Afify, 2009). The emergence of the pandemic has increased the potential for financial distress and a decline in company operational performance. The worse the company's financial health due to the pandemic, the longer the company's audit delay will be (García-Madurga, et al., 2021). Thus, audit delays in companies experiencing financial distress during the pandemic will tend to be longer in order to send positive signals and maintain investor response to the company. Based on these statements, the first hypothesis of this study is:

H₁: Financial distress affects audit delays before and during the pandemic.

Referring to signaling theory, companies with good profitability will complete their audit reports quickly in order to immediately send positive signals to their stakeholders so that audit delays at the company will not be long (Khoufi & Khoufi, 2018). The emergence of the pandemic has caused many companies to experience a decline in profitability due to business process disruptions and other losses caused by the pandemic (Viaranti & Handri, 2021). The lower the company's profitability due to the pandemic, the longer the company's audit delay period will be compared to the pre-pandemic period. Auditors who audit companies with low profitability must re-verify the reported income or income that may not have been recorded by the company (Afify, 2009). Therefore, the audit delay period for companies with low profitability will be longer. Based on this statement, the second hypothesis of this study is:

H₂: Profitability affects audit delay before and during the pandemic.

Before the pandemic, audit delays and late submission of financial reports were common occurrences. The emergence of the COVID-19 pandemic caused a supply and demand shock in companies, resulting in longer audit delays because companies had to rearrange their operational strategies to adapt to the post-pandemic situation, while auditors had to conduct more and more complex risk assessments due to the 'shock' that occurred in companies as a result of the pandemic (García-Madurga, et al., 2021; Garrido-Moreno, et al., 2021). Wijasari & Wirajaya (2021) explain that the implementation of PSBB during the pandemic made it difficult for auditors to access, search for, and trace audit evidence, so auditors spent more time auditing and audit delays became longer. Therefore, referring to compliance theory, the government gave companies two months' grace to reduce delays in submitting financial reports during the pandemic. Based on this statement, the third hypothesis of this study is:

H₃: There is a difference in the audit delay results of healthcare companies before and during the pandemic.

RESEARCH METHOD

This study is quantitative in nature because the research data used is numerical data. In quantitative research, researchers process and interpret secondary data and draw conclusions to measure something accurately and to test a theory (Cooper & Schindler, 2017).

This quantitative research uses secondary data obtained through internet data searches by collecting annual reports of healthcare companies listed on the Indonesia Stock Exchange (IDX). The data can be accessed through the website www.idx.co.id or the relevant company websites.

The research population consisted of 23 healthcare companies listed on the Indonesia Stock Exchange (IDX) in 2018-2021. Meanwhile, the research sample was taken through purposive sampling, which produced a total sample of 12 companies with a research period of four years. Based on the specified sampling criteria, the following is a table of research sample selection:

Table 1. Sample Selection

No.	Criteria	Amount
1.	All companies listed on the Indonesia Stock Exchange	873
2.	Reduced: companies not included in the healthcare sector	(850)
3.	Healthcare sector companies on the IDX	23
4.	Healthcare sector companies listed in 2018, 2019, 2020, and 2021	17
5.	Reduced: listed companies that did not submit annual reports for 2018, 2019, 2020, and 2021 that fully contained the company's financial information for research purposes, provided that the reports had been audited and accompanied by independent auditor's reports	(0)
6.	Reduced: listed companies suffered losses in 2018, 2019, 2020, and 2021	(4)
Number of Company Samples		13
Number of Extreme Outliers		(1)
Final Number of Company Samples		12
Years of Observation		4
Total Number of Samples		48

Source: processed data, 2023

Table 2. Samples of Healthcare Companies

No.	Code	Company Name
1.	DVLA	Darya-Varia Laboratoria Tbk.
2.	HEAL	Medikaloka Hermina Tbk.
3.	KAEF	Kimia Farma Tbk.
4.	KLBF	Kalbe Farma Tbk.
5.	MIKA	Mitra Keluarga Karyasehat Tbk.
6.	PEHA	Phapros Tbk.
7.	PRDA	Prodia Widyahusada Tbk.
8.	PRIM	Royal Prima Tbk.
9.	PYFA	Pyridam Farma Tbk.
10.	SCPI	Organon Pharma Indonesia Tbk.
11.	SIDO	Industri Jamu dan Farmasi Sido Muncul Tbk.
12.	TSPC	Tempo Scan Pacific Tbk.

Source: processed SPSS output, 2023

Purposive sampling resulted in a sample of 12 companies, which were then subjected to various statistical tests, namely descriptive statistical tests, prerequisite analysis tests, and hypothesis tests. The names of the healthcare sector companies included in the research sample are as Table 2.

Dependent variables (Y) and independent variables (X) are two types of variables used in this study. Each variable included in the study was measured using the following methods:

Audit delay is the time span in completing the audit between the end date of the financial statements and the day the audit report is published. Quantitative measurement of the dependent variable is done in days. The calculation to determine the audit delay is as follows:

$$\text{Audit Delay (Days)} = \text{Audit Report Date} - \text{Financial Statement Date}$$

Financial distress experienced by a company is a situation where the company's financial health is in crisis and often occurs before the company goes bankrupt. Financial distress in this study is reviewed from the company's solvency, which is measured by the Debt-to-Assets Ratio (DAR), calculated using the following formula:

$$\text{DAR (\%)} = \frac{\text{Total Debt}}{\text{Total Assets}} \times 100\%$$

Profitability refers to a company's capacity to generate profits while utilizing all available resources. Return on Assets (ROA) is used to measure a company's profitability based on its asset level. ROA can be calculated using the following formula:

$$\text{ROA (\%)} = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%$$

The data analysis techniques used are descriptive statistical tests, prerequisite analysis tests through normality and linearity tests, and hypothesis testing with T-tests and paired samples T-tests. The T-test (partial) is used to test the effect of financial distress and profitability on audit delay before and during the pandemic partially. The Paired Sample T-Test is used to determine the difference in audit delay before and during the pandemic (audit delay in 2018-2019 and 2020-2021).

RESULTS AND DISCUSSION

From testing 12 healthcare company data samples for 4 years of research, the results of testing using data analysis techniques conducted through the SPSS version 25 application program are as follows:

Audit delay is the dependent variable (Y) and financial distress and profitability are the independent variables (X). Descriptive statistical testing was performed on these variables with the following results:

Table 3. Descriptive Statistics Results

	N	Min	Max	Mean	Std. Deviation
AD 2018-2019	24	41	125	78	20
AD 2020-2021	24	36	150	91	30
DAR 2019-2019	24	0.07	0.69	0.33	0.20
DAR 2020-2021	24	0.06	0.79	0.32	0.20
ROA 2018-2019	24	0.00	0.23	0.09	0.06
ROA 2020-2021	24	0.00	0.31	0.11	0.08

Source: processed SPSS output, 2023

Based on the results of descriptive statistical testing in Table 3, it is known that the maximum audit delay before the pandemic was 125 days and during the pandemic was 150 days by PT Pyridam Farma Tbk. The minimum audit delay before the pandemic was 41 days and during the pandemic was 36 days by PT Industri Jamu dan Farmasi Sido Muncul Tbk. The average (mean) audit delay before the pandemic was 78.25 days and increased to 90.83 days during the pandemic. The highest (max) financial distress before the pandemic was 0.69 by PT Organon Pharma Indonesia Tbk. and during the pandemic was 0.79 by PT Pyridam Pharma Tbk. The lowest (min) financial distress value before the pandemic was 0.07 and during the pandemic was 0.06 by PT Royal Prima Tbk. The average (mean) financial distress value before the pandemic was 0.33 and during the pandemic decreased to 0.32. The highest

(max) profitability before the pandemic was 0.23 and during the pandemic was 0.31 by PT Industri Jamu dan Farmasi Sido Muncul Tbk. The lowest (min) profitability before the pandemic was 0.0008 and during the pandemic was 0.0012 by PT Kimia Farma Tbk. The average (mean) before the pandemic was 0.09 and during the pandemic increased to 0.11.

The first prerequisite test for analysis was conducted through a normality test. This test aimed to ensure the normality of the research data distribution. The Shapiro-Wilk test was chosen because the amount of data was less than 50. The results of the normality test using the SPSS application are as follows:

Table 4. Shapiro-Wilk Normality Test

Variable	Sig.	Description
Residual Before the Pandemic	0.439	Normal
Residual During the Pandemic	0.512	Normal

Source: processed SPSS output, 2023

The test results from Table 4 show that the data before the pandemic has a significance value of 0.439 and the data during the pandemic has a significance value of 0.512. The data is normally distributed because the Sig. value is above 0.05. Thus, the data can be used in further testing.

The second prerequisite test for analysis, namely the linearity test, was conducted to determine the pattern of the research regression model. The test was carried out by finding the Sig. value of Deviation from Linearity in the test for linearity. The following are the results of the linearity test processed using SPSS:

Table 5. Linearity Test

Variable	Sig.	Description
Y*X1 Before the Pandemic	0.400	Linear
During the Pandemic	0.917	Linear
Y*X2 Before the Pandemic	0.359	Linear
During the Pandemic	0.374	Linear

Source: processed SPSS output, 2023

Because the relationship between variable X1 and Y and X2 and Y, both for data before the pandemic and during the pandemic, has a significance value above 0.05, it can be concluded from the linearity test results in Table 5 that the data follows a linear model pattern. As a result, linear regression can be used for hypothesis testing. After completing the prerequisite analysis test, the hypothesis test can be performed.

Hypothesis testing was conducted using two analyses, namely the T-test (partial) and the Paired Sample T-test. The following are the results of hypothesis testing processed using the SPSS application:

The T-Test is conducted to determine the nature of the relationship or influence between various independent variables (X) and one dependent variable (Y) separately (partially). This test is conducted for Hypothesis I and Hypothesis II. The statement of hypothesis 1 in this study explains that financial distress (X1) affects audit delay (Y) before and during the pandemic. The results of the T-test (Partial) processed with SPSS are as follows:

Table 6. Partial T-Test Analysis (Hypothesis I)

Condition	Constant	Regression Coefficient	t _{value}	t _{table}	Sig.	R ²
Before the Pandemic	10.571	-0.955	-0.715	1.717	0.482	0.001
During the Pandemic	12.694	-2.249	-0.907	1.717	0.375	0.023

Source: processed SPSS output, 2023

From the T-test results in Table 6, it is known that the constant values before and during the pandemic are 10.571 and 12.649, respectively. Then, the regression coefficient values before and during

the pandemic are -0.955 and -2.249, respectively. Thus, the regression equation for the first hypothesis test is:

$$\text{Before the Pandemic: } Y = 10.571 + (-0.955) X_1$$

$$\text{During the Pandemic: } Y = 12.694 + (-2.249) X_1$$

The regression equation above shows that if the financial distress variable (X_1) increases, the audit delay variable (Y) will decrease by 0.955 before the pandemic and by 2.249 during the pandemic. However, if financial distress (X_1) does not change, the audit delay (Y) will be 10.571 before the pandemic and 12.694 during the pandemic. The coefficient of determination (R^2) value is 0.001 before the pandemic and 0.023 during the pandemic, which means that the effect of financial distress on audit delay before the pandemic is 0.1%, and the remaining 99.9% is influenced by other variables. This percentage increased by 2.2%, meaning that the effect of financial distress on audit delay in healthcare companies was 2.3% during the pandemic, with the remaining 97.7% influenced by other variables.

Significance testing in the T-Test is reviewed through the t_{value} , t_{table} , and significance values in Table 6. In the first hypothesis test, both before and during the pandemic, the t_{value} value was smaller than the t_{table} value, with the t_{table} value being 1.717 and the t_{value} values being 0.715 and 0.907, respectively. Then, the significance value was greater than 0.05 with values of 0.482 and 0.375, respectively. Therefore, it can be concluded that financial distress does not affect audit delay before and during the pandemic, so the first hypothesis is rejected.

The statement from hypothesis 2 in this study explains that profitability (X_2) affects audit delay (Y) before and during the pandemic. The results of the T-test (partial) processed with SPSS are as follows:

Table 7. Partial T-Test Analysis (Hypothesis II)

Condition	Constant	Regression Coefficient	t_{value}	t_{table}	Sig.	R^2
Before the Pandemic	10.571	-4.663	-2.247	1.717	0.036	0.175
During the Pandemic	12.694	-6.801	-2.216	1.717	0.038	0.177

Source: processed SPSS output, 2023

From the T-test results in Table 7, it is known that the constant values before and during the pandemic are 10.571 and 12.694, respectively. Then, the regression coefficient values before and during the pandemic are -4.663 and -6.801, respectively. Thus, the regression equation for the second hypothesis test is:

$$\text{Before the Pandemic: } Y = 10.571 + (-4.663) X_2$$

$$\text{During the Pandemic: } Y = 12.694 + (-6.801) X_2$$

The previous regression equation shows that if the profitability variable (X_2) increases, the audit delay variable (Y) will decrease by 4.663 before the pandemic and by 6.801 during the pandemic. However, if profitability (X_2) does not change, the audit delay (Y) will be 10.571 before the pandemic and 12.694 during the pandemic. Then, the coefficient of determination (R^2) value is 0.175 before the pandemic and 0.177 during the pandemic, which means that the effect of profitability on audit delay before the pandemic is 17.5%, and the remaining 82.5% is influenced by other variables. This percentage increased by 0.2%, meaning that the effect of profitability on audit delay for healthcare companies was 17.7% during the pandemic, with the remaining 82.3% influenced by other variables.

Significance testing in the T-Test is reviewed through the t_{value} , t_{table} , and significance values in Table 7. In the second hypothesis test, both before and during the pandemic, the t_{value} value was higher than the t_{table} value, with the t_{table} value at 1.717 and the t_{value} values at 2.247 and 2.216, respectively. Then the significance value was lower than 0.05 with values of 0.036 and 0.038, respectively. Thus, it can be concluded that profitability has a negative effect on audit delay before and during the pandemic, so the second hypothesis is accepted.

The Paired Sample T-Test aims to identify significant differences between the audit delay time ranges before the pandemic (2018-2019) and during the pandemic (2020-2021) in healthcare companies listed on the IDX. This test was applied to test the third hypothesis, which explains that there is a

difference in the audit delay results of healthcare companies before and during the pandemic. The results of the paired sample t-test tested with SPSS are as follows:

Table 8. Paired Sample T-Test Results (Hypothesis III)

Pair	df	t _{value}	t _{table}	Sig. (2-tailed)	Conclusion
<i>Audit Delay 2018-2019 & 2020-2021</i>	23	-2.594	2.069	0.016	H ₃ Accepted

Source: processed SPSS output, 2023

The test results in Table 8 produced a t_{value} of -2.594 and a significance value (2-tailed) of 0.016. In the third hypothesis test, the t_{value} was above the t_{table} ($2.594 > 2.069$) and the significance value was below 0.05 ($0.016 < 0.05$). Thus, it can be concluded that there was a significant change in the audit delay time frame before the pandemic (2018–2019) and during the pandemic (2020–2021). This test confirmed the third hypothesis by showing that the COVID-19 pandemic affected the audit delay of companies in the healthcare sector.

Based on the T-test conducted on the variables of financial distress and audit delay, the test results contradict hypothesis 1, which states that “Financial distress (X1) has a significant positive effect on audit delay (Y) before and during the pandemic.” It is known that the t_{value} value is lower than the t_{table} ($0.715 < 1.717$ and $0.907 < 1.717$) and the significance value is higher than 0.05 ($0.482 > 0.05$ and $0.375 > 0.05$), so the financial distress variable does not have a significant effect on the audit delay variable either before or during the pandemic.

Before the pandemic, financial distress did not affect audit delays because the financial health of companies in the healthcare sector was quite good. Referring to compliance theory, auditors will comply with public accounting professional standards by carrying out audit procedures in a timely manner. Whether for companies with large or small liabilities, financial statement audits will be completed on time because auditors have prepared their plans in advance so that financial distress does not affect the duration of audit delays (Arianti, 2021). At the audit planning stage, auditors are able to minimize audit risks through the risk assessment process, so that the audit process can run according to schedule, meaning that the financial health of the company does not determine the audit delay period (Sari et al., 2019).

The emergence of the pandemic in 2020 caused potential financial distress and a decline in company operational performance. However, healthcare companies did not experience this crisis because the healthcare sector plays an important role for the community during a pandemic. Healthcare companies did not experience a financial crisis and were able to fulfil their obligations to creditors, so the audit risk faced by companies was low, meaning that financial distress was not related to the length of the company's audit delay (Pingass & Dewi, 2022). Therefore, for healthcare companies that did not experience financial difficulties either before or during the pandemic, financial distress did not determine the length of the audit delay because auditors carried out audit procedures according to the previously planned schedule.

Based on the T-test applied to the variables of profitability and audit delay, the test results are in line with the second hypothesis, which states that “Profitability (X2) has a significant negative effect on audit delay (Y) before and during the pandemic.” It is known that the t_{value} value is above the t_{table} ($2.247 > 1.717$ and $2.216 > 1.717$) and the significance value is below 0.05 ($0.036 < 0.05$ and $0.038 < 0.05$), so the profitability variable has a negative effect on the audit delay variable before and during the pandemic. Under both pre-pandemic and pandemic conditions, the higher the company's profitability, the lower the number of audit delay days.

Before the pandemic, there was an effect of profitability on audit delay. Referring to signaling theory, companies with high profitability want to convey positive signals or good news to stakeholders as soon as possible, so the audit delay range is low (Khoufi & Khoufi, 2018; Sari et al., 2019). Khoufi & Khoufi (2018) stated that profitability affects audit delay before the pandemic because the audit process tends to be faster in companies with high profitability.

After the pandemic, many companies experienced a decline in profitability due to disrupted business processes (Viaranti & Handri, 2021). However, companies in the healthcare sector actually experienced an increase in profitability due to increased demand for healthcare products during the

pandemic, which led to an increase in company revenue (Sagara et al., 2021). The better a company's profitability, the less time is needed to conduct the audit process because, in order to attract investors more quickly, companies must release annual reports quickly and reduce delays in the audit process (Palupi & Karmudiandri, 2021). To reduce delays in the audit process during the pandemic, companies were given an additional two months of leeway. In line with compliance theory, companies had the opportunity to complete the audit process on time by making optimal use of the leeway provided.

Based on the Paired Sample T-Test that has been applied to the audit delay variable before the pandemic (2018-2019) and audit delay during the pandemic (2020-2021), the test results support the third hypothesis which claims that "There is a difference in the audit delay results of healthcare companies before and during the pandemic". It is known that the t_{value} is above the t_{table} ($2.594 > 2.069$) and the significance value is below 0.05 ($0.016 < 0.05$), which means that there is a difference in the audit delay variable in the 2018-2019 and 2020-2021 time periods. In other words, the emergence of the COVID-19 pandemic has had an impact on the audit delay period for companies in the healthcare sector. Audit delays during the pandemic have become longer than before the pandemic. With an average increase of 13 days, the average audit delay period before the pandemic was 78 days, while the average audit delay period during the pandemic was 91 days. The most significant increase in audit delay was found at PT Darya-Varia Laboratoria Tbk., with an increase of 40 days longer than before the pandemic. Meanwhile, the most significant decrease in audit delay was found at PT Organon Pharma Indonesia Tbk., with a decrease of 15 days faster than before the pandemic.

There was a difference in the audit completion time frame before and during the pandemic. Audit procedures that could initially be carried out in person had to be changed to virtual after the pandemic due to restrictions on accessing data and confirming with clients (Silvia & Wardhani, 2021). The pandemic forced auditors to respond by adapting to changes in audit patterns and methods, resulting in a longer audit process after the pandemic compared to before the pandemic (Satyawan, et al., 2021).

In early 2020, when auditors were in the final stages of auditing the 2019 financial statements, the company's performance had not yet been affected by the pandemic; only the audit process was impacted. In accordance with compliance theory, auditors at healthcare companies completed the audit process within the applicable time frame, but the audit process took longer than in the previous year because auditors needed time to adapt. Meanwhile, in early 2021, when auditors were in the final stages of auditing the 2020 financial statements, both the company's operational performance and the audit process were affected by the pandemic, resulting in longer audit delays. However, as the only industry that profited during the pandemic (Crucean & Hațegan, 2021), the performance of healthcare companies was still considered good, so even though audit delays increased during the pandemic, healthcare companies did not violate applicable regulations. This refers to compliance theory, in which companies continue to comply with applicable rules even during a pandemic. With companies in a fairly healthy and stable condition, the audit delay period during the pandemic increased but did not exceed the specified limit because there was no significant 'shock' to the company's operational activities that required auditors to work longer hours.

CONCLUSION

Based on the above test results, it can be concluded that: (1) financial distress had no effect on audit delay before and during the pandemic because healthcare companies had operational stability before and during the pandemic, supported by consistently high demand for healthcare services and products, so that the audit process continued to run normally; (2) Profitability had a negative effect on audit delays before and during the pandemic because during the pandemic, healthcare companies continued to have good profitability, so the audit process continued to run normally; (3) There was a difference in the range of audit delays after the emergence of the pandemic compared to before the pandemic due to pandemic disruptions that led to changes in regulations and audit methods after the pandemic.

This study has limitations, namely: (1) The scope of the industrial sector used is limited to the healthcare sector, which is not very large, so the findings of the study cannot be generalized to the entire population; (2) The observation period only used two years for the pre-pandemic period and two years

for the pandemic period; (3) Only two independent variables were used in this study, while there are other variables besides financial distress and profitability that are also applicable to this study. The researchers would like to offer the following suggestions for future research: (1) Future researchers could use other business sectors or add to the scope of business sectors in order to better represent a broader population and to determine how the research variables affect audit delay in other industries; (2) Future researchers could add to the number of years covered by the research so that the sample used would also be larger; (3) Future researchers can add other independent variables that have not been used in this study to obtain more up-to-date and diverse research results.

REFERENCES

- Abdillah, M. R., Mardijuwono, A. W., & Habiburrochman, H. (2019). The effect of company characteristics and auditor characteristics to audit report lag. *Asian Journal of Accounting Research*, 4(1), 129–144. <https://doi.org/10.1108/AJAR-05-2019-0042>
- Abdullah, M. D. F. (2018). Pengaruh Pengungkapan Risiko Perusahaan terhadap Nilai Perusahaan pada Perusahaan yang Terdaftar di Indeks Saham Syariah Indonesia (ISSI): Review Konseptual. *Prosiding Industrial Research Workshop and National Seminar*, 9, 531–536. <https://doi.org/10.35313/irwns.v9i0.1094>
- Afify, H. A. E. (2009). Determinants of audit report lag: Does implementing corporate governance have any impact? Empirical evidence from Egypt. *Journal of Applied Accounting Research*, 10(1), 56–86. <https://doi.org/10.1108/09675420910963397>
- Al-Ajmi, J. (2008). Audit and reporting delays: Evidence from an emerging market. *Advances in Accounting*, 24(2), 217–226. <https://doi.org/10.1016/j.adiac.2008.08.002>
- Arianti, B. F. (2021). Ukuran Perusahaan, Financial Distress dan Audit Complexity terhadap Audit Report Lag. *Gorontalo Accounting Journal*, 4(1), 41–56. <https://doi.org/10.32662/gaj.v4i1.1253>
- Chandler, J. A., Payne, G. T., Moore, C., & Brigham, K. H. (2019). Family involvement signals in initial public offerings. *Journal of Family Business Strategy*, 10(1), 8–16. <https://doi.org/10.1016/j.jfbs.2019.01.004>
- Cooper, D. R., & Schindler, P. S. (2017). *Metode Penelitian Bisnis: Buku 1* (Ed. 12) (12th ed., Vol. 01). Salemba Empat.
- Crucean, A. C., & Hațegan, C. D. (2021). Effects of the COVID-19 Pandemic Estimated in the Financial Statements and the Auditor's Report Pandemic Estimated in the Financial Statements and the Auditor's Report Effects of the Covid-19 Pandemic Estimated in the Financial Statements and the Auditor's Report. *Audit Financiar*, XIX(1), 105–118. <https://doi.org/10.20869/AUDITF/2021/161/001>
- García-Madurga, M.-Á., Grilló-Méndez, A. J., & Morte-Nadal, T. (2021). La adaptación de las empresas a la realidad COVID: una revisión sistemática. *Retos*, 11(21), 55–70. <https://doi.org/10.17163/ret.n21.2021.04>
- Garrido-Moreno, A., García-Morales, V. J., & Martín-Rojas, R. (2021). Going beyond the curve: Strategic measures to recover hotel activity in times of COVID-19. *International Journal of Hospitality Management*, 96. <https://doi.org/10.1016/j.ijhm.2021.102928>
- Hilman, C., & Laturette, K. (2021). Analisis Perbedaan Kinerja Perusahaan Sebelum dan Saat Pandemi COVID-19. *BALANCE: Jurnal Akuntansi, Auditing Dan Keuangan*, 18(1), 91–109. <https://doi.org/10.25170/balance.v18i1.2659>
- Kabir, M. R., & Saleh, O. Bin. (2020). Measuring the Immediate Impact of COVID-19 on the Financial Performances of the Listed Companies in Bangladesh. In *International Journal of Business and Technopreneurship* (Vol. 10, Issue 3).

- Khoufi, N., & Khoufi, W. (2018). An empirical examination of the determinants of audit report delay in France. *Managerial Auditing Journal*, 33(8–9), 700–714. <https://doi.org/10.1108/MAJ-02-2017-1518>
- Nouraldeen, R. M., Mandour, M., & Hegazy, W. (2021). Audit Report Lag: Do Company Characteristics and Corporate Governance Factors Matter? Empirical Evidence from Lebanese Commercial Banks. *BAU Journal - Society, Culture and Human Behavior*, Article 13, 2(2), 1–21. <https://doi.org/10.54729/2789-8296.1045>
- Palupi, A., & Karmudiandri, A. (2021). Does the Effectiveness of Audit Committee and Financial Condition Affect Audit Delays During the Pandemic? *Review of Integrative Business and Economics Research*, 10, 266–277.
- Pane, A. A., Rahmadhani, S. N., & Dalimunthe, H. (2022). Predicting Financial Distress on Transportation Company Before and Under Pandemic Covid-19 in Indonesia. *Owner: Riset & Jurnal Akuntansi*, 6(3), 3181–3187. <https://doi.org/10.33395/owner.v6i3.1021>
- Pingass, R. L., & Dewi, N. L. (2022). PENGARUH FINANCIAL DISTRESS DAN OPINI AUDIT TERHADAP AUDIT DELAY. *Jurnal Akuntansi Universitas Jember*, 20(1), 63–77. <https://doi.org/10.19184/jauj.v20i1.29564>
- Prabasari, I. G. A. A. R., & Merkusiwati, N. K. L. A. (2017). Pengaruh profitabilitas, ukuran perusahaan, dan komite audit pada audit delay yang dimoderasi oleh reputasi KAP. *E-Jurnal Akuntansi Universitas Udayana*, 20(02), 1704–1733. <https://doi.org/10.24843/EJA.2017.v20.i02.p30>
- Sabella, R. F., Alfizahri, N., & Izfahany, F.). (2021). Financial Distress Dan Audit Report Lag Pada Masa Pandemi Covid-19. *Jurnal Akuntansi Dan Audit Syariah (JAAiS)*, 2(1), 58–69. <http://e-journal.iainpekalongan.ac.id/index.php/JAAiS/index>
- Sagara, A. B., Pramesti, N., Simanjuntak, L. N. S., Damayanti, F. F., Mawarni, R., & Rachman, Y. T. (2021). Analysis Of Stock Prices Movement of Pharmaceutical Companies Listed on The Indonesian Stock Exchange Before and During a Pandemic (2019 - 2020). *Review of International Geographical Education Online*, 11(5), 3150–3165. <https://doi.org/10.48047/rigeo.11.05.206>
- Saputra, K. W. S., & Ramantha, I. W. (2017). Pengaruh Profitabilitas Dan Ukuran Perusahaan Terhadap Ketepatan Waktu Pelaporan Keuangan Dengan Opini Audit Sebagai Pemoderasi. *Jurnal Akuntansi Universitas Udayana*, 20(2), 1592–1620. <https://doi.org/10.24843/EJA.2017.v20.i02.p26>
- Sari, O., Evana, E., & Kesumaningrum, N. D. (2019). PENGARUH FINANCIAL DISTRESS, OPINI AUDIT, DAN PROFITABILITAS TERHADAP AUDIT REPORT LAG. *Jurnal Akuntansi Dan Keuangan*, 24(1), 36–49. <https://doi.org/10.23960/jak.v24i1.116>
- Satyawan, M. D., Triani, N. N. A., Yanthi, M. D., Siregar, C. S., Kusumaningsih, A., & Paino, H. (2021). Akselerasi Peran Teknologi dalam Audit saat COVID-19. *Jurnal Akuntansi Multiparadigma*, 12(1), 186–206. <http://dx.doi.org/10.21776/ub.jamal.2021.12.1.11>
- Shimizu, K., & Uchida, D. (2018). Examination of japanese firms' announcement of m&a budgets: From the perspective of signaling theory and impression management theory. In *Advances in Mergers and Acquisitions* (Vol. 17, pp. 53–73). Emerald Group Publishing Ltd. <https://doi.org/10.1108/S1479-361X20180000017003>
- Silvia, & Wardhani, N. (2021). PENGARUH KARAKTERISTIK PERUSAHAAN TERHADAP AUDIT REPORT LAG DI INDONESIA. *Jurnal Akuntansi Dan Auditing*, 18(2), 199–210. <https://doi.org/10.14710/jaa.18.2.199-210>
- Tambunan, D. (2020). Investasi Saham di Masa Pandemi COVID-19. *Widya Cipta: Jurnal Sekretari Dan Manajemen*, 4(2), 117–123. <http://ejournal.bsi.ac.id/ejurnal/index.php/widyacipta>

- Tuhepaly, S. R., & Widodo, H. (2021). THE INFLUENCE OF COMPANY SIZE, PROFITABILITY AND LEVERAGE ON SHARE PRICES IN FOOD AND BEVERAGE COMPANIES LISTED ON THE IDX FOR 2017-2019 PERIOD. *Academicia Globe: Inderscience Research*, 2(04), 1–16. <https://agir.academiascience.org/index.php/agir/article/view/47>
- Valencia, C., Yuliyani, & Jannah, L. (2022). Perbandingan Rasio Keuangan dan Risiko Kebangkrutan Sebelum dan Selama Pandemi Pada Healthcare Firms di Bursa Efek Indonesia. *JRAK: Jurnal Riset Akuntansi Dan Komputerisasi Akuntansi*, 13(2), 86–98. <https://doi.org/10.33558/jrak.v13i2.4557>
- Viaranti, & Handri. (2021). Analisis Perbandingan Profitabilitas Saham Sebelum dan Saat Pandemi COVID-19 pada Perusahaan. *Prosiding Manajemen*, 7(1), 40–44. <http://dx.doi.org/10.29313/.v7i1.26130>
- Wijasari, A. L. K., & Wirajaya, I. G. A. (2021). Faktor-Faktor yang Mempengaruhi Fenomena Audit Delay di Bursa Efek Indonesia. *E-Jurnal Akuntansi*, 31(1), 168. <https://doi.org/10.24843/eja.2021.v31.i01.p13>
- Wijayanti, S., & Effriyanti. (2019). PENGARUH PENERAPAN IFRS, AUDIT EFFORT, DAN KOMPLEKSITAS OPERASI PERUSAHAAN TERHADAP AUDIT DELAY (Studi Empiris pada Perusahaan Jasa Real Estate). *AKUNTABILITAS: JURNAL PENELITIAN DAN PENGAMBANGAN AKUNTANSI*, 13(1), 33–48. <https://doi.org/10.29259/ja.v13i1.9479>
- Wiryakriyana, A. A. G., & Widhiyani, N. L. S. (2017). Pengaruh Ukuran Perusahaan, Leverage, Auditor Switching, Dan Sistem Pengendalian Internal Pada Audit Delay. *E-Jurnal Akuntansi Universitas Udayana*, 19(1), 771–798. <https://ojs.unud.ac.id/index.php/akuntansi/article/view/28304>