THE INFLUENCE OF AUDIT COMPLEXITY AND CORPORATE GOVERNANCE TO AUDIT DELAY (STUDY ON COMPANIES LISTED IN IDX FOR THE YEAR 2006-2008)

Submitted in Partial Fulfillment of the Requirements for Bachelor Degree of Economics in the Field of Accounting

SUBMITTED BY:
MELISSA
Student ID: 040610212

TO
FACULTY OF ECONOMY AIRLANGGA UNIVERSITY
SURABAYA
2009
ABSTRACT

The development of capital market in Indonesia lately caused the demand for audited financial statement increase. Every go public company has to provide audited financial statement in order to be listed in IDX (Indonesia Stock Exchange). Audited financial statements hold great responsibility for the external parties who need the information from those financial statements. Timeliness is important for publishing financial statements. Delays in presenting financial statement will result in negative reaction from the capital market participator (especially investors) because the information yielded is may not relevant anymore. The time difference between the date of financial statement and the date of auditor’s opinion indicates the length for auditor to finish the audit which is known as audit delay. Many factors are influencing audit delay, two of them are audit complexity (which will be proxied by number of subsidiaries and the proportion of inventories and receivables in total assets) and corporate governance (which will be proxied by number of shareholders holding 5% of shares or more and proportion of independent commissioners). Multiple regressions will be used to analyze the significant level of their influence towards audit delay both partially and simultaneously using seventy-five companies as the samples each of which are gathered using purposive stratified random sampling method for the year 2006-2008. The result from global F-test is all of them have significant influence towards audit delay simultaneously, but only proportion of independent commissioners that has significant influence towards audit delay partially while the other three variables are influencing audit delay insignificantly.

Keywords: Audit Delay, Audit Complexity, Corporate Governance.