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Determinants Of Audit Delay In Property And Real Estate Industry: The Effect Of Audit Opinion And Auditor Switching

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Abstract

This study aims to examine the effect of audit opinion and auditor switching on audit delay in property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) for the 2022–2024 period. This study employs a purposive sampling method, obtaining a sample of 69 companies, which yielded a total of 207 observation data points. Data analysis was conducted using the Panel Data Regression technique with a Fixed Effect Model (FEM) approach. A Robust Standard Errors (White Period) approach was applied in the model estimation to address heteroscedasticity issues. The partial test results indicate that audit opinion has a significant effect on audit delay, whereby companies that receive an unqualified opinion tend to exhibit good management and cooperation, thereby accelerating audit completion. Meanwhile, auditor switching has no effect on audit delay because companies that have well-prepared the transition of changing auditors do not encounter obstacles in completing the audit.

Keywords: Audit Delay, Audit Opinion, Auditor Switching.

INTRODUCTION

Financial statements are structured records that present the financial position, performance, and cash flows of an entity within a specific period. They serve as written reports delineating the business activities and performance of a company (Puryati, 2020). Financial statements must provide reliable, relevant, accountable, understandable, accurate, and timely information, particularly for companies that have conducted an Initial Public Offering (IPO) on the Indonesia Stock Exchange.

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Based on the Peraturan Otoritas Jasa Keuangan (POJK) Number 29/POJK.04/2022, the deadline for submitting financial statements for listed companies is no later than the end of the third month following the date of the annual financial statements. Any delay beyond this mandated timeframe is referred to as audit delay. Audit delay is defined as the length of time required to complete the audit of financial statements, measured from the fiscal year-end closing date (December 31) to the completion date of the independent audit report (Wahyuni, 2024).

The phenomenon of late financial statement submission is still widely observed among several listed companies on the Indonesia Stock Exchange. Consequently, audit delay remains an important area for further investigation due to its persistent occurrence in the market. This issue is particularly pronounced in the property and real estate sector, where the number of issuers experiencing delays in submitting financial statements from 2022 to 2024 has shown fluctuating trends.

Table 1. Number of Property & Real Estate Sector Issuers Experiencing Delays in Financial Statement Submission

Year	Total Companies Experiencing Audit Delay	Property & Real Estate Companies Experiencing Audit Delay	Percentage
2022	143	29	0,20%
2023	137	16	0,11%
2024	130	20	0,15%

Source: www.idx.co.id, data processed (2025)

In the 2022 fiscal year, the audit report of PT PP PROPERTI Tbk (PPRO) still utilized the letterhead of Crowe Indonesia. For the 2023 fiscal year, the annual report of PT PP PROPERTI Tbk stated that based on the Annual General Meeting of Shareholders (AGMS) resolution held on May 24, 2023, and the follow-up decision of the Board of Commissioners on May 16, 2023, the company appointed the public accounting firm (KAP) Hertanto, Grace, Karunawan to conduct the audit of the 2023 financial statements. The independent auditor's report for the 2023 fiscal year was subsequently issued on April 5, 2024, with the audit results indicating that the financial statements were presented

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fairly, in all material respects. This resulted in an audit delay of approximately 96 days after December 31, 2023. This case is critical because it demonstrates that an auditor transition can occur concurrently with an audit delay, even though the final opinion issued remains unqualified.

Factors suspected of contributing to audit delay include audit opinion and auditor switching. Both audit opinion and auditor switching will be measured using dummy variables. If the company receives an Unqualified Opinion, it will be assigned a value of 1, and if an auditor transition occurs during the study period, it will be assigned a value of 1. Through empirical testing on property and real estate sector companies for the 2022–2024 period, this study is expected to provide both theoretical and practical contributions.

LITERATURE REVIEW

Agency Theory

Agency theory was initially formulated by Jensen & Meckling (1976) through their monumental work, "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure". It defines a contract under which one or more owners of the company (principals) engage another person (the agent) to perform services on their behalf, a relationship typically characterized by information asymmetry between the two parties. External audits conducted by independent auditors objectively examine and evaluate whether the company's financial statements have been reported fairly and in compliance with applicable accounting standards. With an independent audit, shareholders gain assurance that the information provided by management has been verified and reflects economic reality.

Auditor Opinion

According to Sutanto & Meiden (2023), auditors act as neutral and independent parties who conduct examinations and render an opinion on the fairness of the financial statements under review. This opinion reflects whether the financial statements are free from material misstatement, whether due to fraud or error. According to Nugraheni et al. (2025), the primary objective of an audit opinion is to enhance the informational quality of financial statements that have been reviewed for compliance and fairness relative to generally accepted accounting standards. According to Whittington & Pany (2024), audit opinions are classified into five types: Unqualified Opinion, Qualified Opinion, Unqualified Opinion with Explanatory Paragraph, Adverse Opinion, and Disclaimer of Opinion.

H1: *Audit opinion has an effect on audit delay.*

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Auditor Switching

Auditor switching is defined as the termination of a contractual relationship between a company and its incumbent auditor, followed by the appointment of a replacement auditor (Meini & Nikmah, 2022). The purpose of auditor switching is to ensure auditor neutrality and maintain independence in executing professional responsibilities (Wahyuni, 2024). Changing auditors within a specified timeframe serves to preserve the independence of the Public Accounting Firm (KAP) or individual auditors when auditing a company's financial statements. This is critical because excessively long audit tenures can create loopholes that lead to fraudulent practices.

H2: *Auditor switching has an effect on audit delay.*

RESEARCH METHOD

This study is a quantitative research project utilizing secondary data derived from the annual financial statements of property and real estate sector companies listed on the IDX from 2022 to 2024. Sampling was conducted via a purposive sampling method. A total of 69 companies met the criteria, resulting in 207 observation samples. Data analysis was performed using EViews 13 software; the systematic steps executed included: estimating the panel data regression models, model selection testing, performing panel data regression analysis, conducting classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation tests), and finally performing hypothesis testing (t-test, F-test, and the coefficient of determination R^2).

RESULTS

Estimation of Panel Data Regression Models

Table 2. Common Effect Model (CEM) Estimation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	124.1418	10.06779	12.33058	0
X1	-37.23289	10.14069	-3.671632	0.0003
X2	5.145541	5.616498	0.916148	0.3607
R-squared	0.070243	Mean dependent var		89.65217

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Adjusted R-squared	0.061127	S.D. dependent var	32.02873
S.E. of regression	31.03438	Akaike info criterion	9.722455
Sum squared resid	196479.1	Schwarz criterion	9.770755
Log likelihood	-1003.274	Hannan-Quinn criter.	9.741987
F-statistic	7.70603	Durbin-Watson stat	0.923044
Prob(F-statistic)	0.000594		

Source: Author's Data Processed (2026)

The Ordinary Least Squares (OLS) method is utilized to derive estimations for this model. This approach assumes that all cross-sectional and time-series data are pooled together without accounting for specific individual or time-specific effects.

Table 3. Fixed Effect Model (FEM) Estimation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	64.006	29.70787	2.154514	0.033
X1	27.93684	31.0133	0.900802	0.3693
X2	-5.126316	6.330564	-0.809772	0.4195
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.591634	Mean dependent var		89.6522
Adjusted R-squared	0.381446	S.D. dependent var		32.0287
S.E. of regression	25.19002	Akaike info criterion		9.5567
Sum squared resid	86297.08	Schwarz criterion		10.6998
Log likelihood	-918.1184	Hannan-Quinn criter.		10.019
F-statistic	2.814781	Durbin-Watson stat		1.91297
Prob(F-statistic)	0.00000			

Source: Author's Data Processed (2026)

This Least Squares Dummy Variable (LSDV) model assumes differences in individual characteristics among companies that exert an influence on the dependent

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variable. Furthermore, this model can control for unobserved variables across the timeframe of the study.

Table 4. Random Effect Model (REM) Estimation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	119.9548	12.13767	9.882853	0
X1	-31.92143	12.26524	-2.602592	0.0099
X2	0.417692	5.389492	0.077501	0.9383
Effects Specification				
			S.D.	Rho
Cross-section random			17.5471	0.3267
Idiosyncratic random			25.19002	0.6733
Weighted Statistics				
R-squared	0.031811	Mean dependent var		57.2101
Adjusted R-squared	0.022319	S.D. dependent var		25.8659
S.E. of regression	25.57567	Sum squared resid		133439
F-statistic	3.351313	Durbin-Watson stat		1.32294
Prob(F-statistic)	0.036978			
Unweighted Statistics				
R-squared	0.065176	Mean dependent var		89.6522
Sum squared resid	197549.7	Durbin-Watson stat		0.89361

Source: Author's Data Processed (2026)

This model assumes that individual-specific characteristics varying across firms exist but are random and uncorrelated with the independent variables.

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Model Selection Testing

Chow Test

The Chow test is conducted to evaluate which model is more appropriate between the CEM and FEM approaches. The FEM model is accepted if the cross-section F probability value is < 0.05, and vice versa. The Chow test results yield a cross-section F probability value of 0.0000, which is smaller than 0.05; hence, the FEM model is selected.

Table 5. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.553551	-68,136	0.0000
Cross-section Chi-square	170.311376	68	0.0000

Source: Author's Data Processed (2026)

Hausman Test

The Hausman test compares and identifies the superior model between the REM and FEM approaches. If the Cross-section Random probability value is > 0.05, the REM model is chosen. Conversely, if the value is < 0.05, the FEM model is chosen. In this test, the Cross-section Random probability value is 0.0158, which is < 0.05; thus, the FEM approach is selected.

Table 6. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	8.293983	2	0.0158

Source: Author's Data Processed (2026)

Panel Data Regression Analysis

Table 7. Panel Data Regression Results

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
C	64.00600	9.473004	6.756674	0.0000
X1	27.93684	7.182827	3.889394	0.0002
X2	-5.126316	14.36565	-0.356845	0.7223

Source: Author's Data Processed (2026)

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The panel data regression equation generated in this study is as follows:

$$Y_{it} = 64.00600 + 27.93684X1_{it} - 5.126316X2_{it} + Ɛ_{it}$$

Description:
Y = Audit Delay
t = Time Period
i = Company
X1 = Audit Opinion
X2 = Auditor Switching
Ɛ = Error term

The interpretation of the regression equation is outlined below:

1. The constant value of 64.00600 signifies that if all independent variables—audit opinion and auditor switching—are assumed to be 0, the average duration of audit delay in property and real estate firms is 64 days.
2. The coefficient for audit opinion (X1) shows a value of 27.93684, indicating a positive relationship between audit opinion and audit delay (Y). Companies receiving an unqualified (WTP) opinion experience a shorter audit delay by 27.93684 time units, assuming other variables remain constant or unchanged.
3. The coefficient for auditor switching (X2) shows a value of -5.126316, indicating an inverse relationship with audit delay (Y). Mathematically, the occurrence of auditor switching reduces audit delay by 5.126316 time units.

Classical Assumption Tests

Normality Test

The normality test is conducted to determine whether the residuals in the panel data regression model are normally distributed. The Jarque-Bera statistic is 7527.597 with a probability value of 0.0000, implying that the residuals are not normally distributed. This is due to the probability being lower than 5%. However, Savitri et al. (2021) state that based on the Central Limit Theorem, if n > 30, it can be assumed that the data asymptotically approach a normal distribution.

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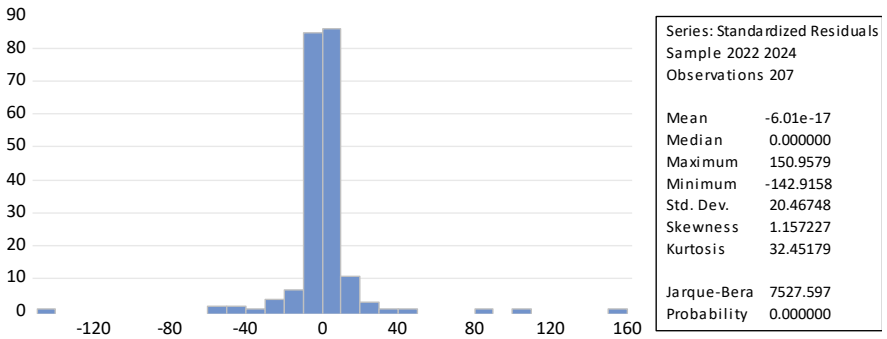


Figure 1. Normality Test

Multicollinearity Test

The multicollinearity test is executed to verify whether highly correlated relationships exist among the independent variables by examining the Variance Inflation Factor (VIF). Multicollinearity is detected if the Centered VIF value is > 10. The VIF values for both X1 and X2 are 1.016120, which is well below 10; thus, it is concluded that this study is free from multicollinearity issues.

Table 8. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	101.3605	21.78476	NA
X1	102.8337	21.03368	1.016120
X2	31.54505	1.244597	1.016120

Source: Author's Data Processed (2026

Heteroscedasticity Test

The heteroscedasticity test aims to evaluate whether there is unequal variance in the residuals of the regression model. If the probability value exceeds 5%, it is concluded that heteroscedasticity is not present. The test results show that the audit opinion variable (X1) exhibits heteroscedasticity because its probability value is smaller than 0.05. To rectify this heteroscedasticity problem, a re-estimation of the regression was performed using the Robust Standard Errors approach, specifically utilizing the White Period covariance method in EViews, which is resilient against heteroscedasticity (Faujianto & Aribowo, 2022).

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Table 9. Heteroscedasticity Test Results

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
C	49.51907	8.813517	5.618536	0.0000
X1	-39.75564	8.877334	-4.478331	0.0002
X2	2.273225	4.916777	0.462341	0.6443

Source: Author's Data Processed (2026)

Autocorrelation Test & Summary Statistics

Autocorrelation is assumed to exist if dU<D-W<4-dU. Nevertheless, a robust regression model should ideally be free from autocorrelation. This test was performed using the Durbin-Watson approach. The statistical output indicates that the Durbin-Watson value is 1.912972, where 1.749 (dU) < 1.912972 (D-W) < 2.2058 (4 - dU). Consequently, it can be concluded that the regression model in this study does not suffer from autocorrelation problems.

Table 10. Autocorrelation Test

R-Squared	0.591634	Mean dependent var	89.65217
Adjusted R-Squared	0.381446	S.D. dependent var	32.02873
S.E. of regression	25.19002	Akaike info criterion	9.556700
Sum squared resid	86297.08	Schwarz criterion	10.69981
Log likelihood	-918.1184	Hannan-Quinn criter	10.01896
F-statistic	2.814781	Durbin-Watson stat	1.912972
Prob(F-statistic)	0.000000		

Source: Author's Data Processed (2026)

Hypothesis Testing

T Test

Aims to measure whether each independent variable truly has an effect on the dependent variable. audit opinion yields a probability value of 0.0002, which is lower than the significance threshold (0.0002 < 0.05). Therefore, it is concluded that the audit opinion has a significant effect on audit delay. The auditor switching variable yields a probability value of 0.7223, which exceeds the significance threshold (0.7223 > 0.05). Hence, Auditor Switching does not exert a significant effect on audit delay.

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Table 11. T-Test

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
C	64.00600	9.473004	6.756674	0.0000
X1	27.93684	7.182827	3.889394	0.0002
X2	-5.126316	14.36565	-0.356845	0.7223

Source: Author's Data Processed (2026)

F Test

The F-test was performed to evaluate whether all independent variables simultaneously influence the dependent variable, which is satisfied if the p-value is < 0.05 The Probability (F-statistic) value is 0.000000 (0.000000 < 0.05). This confirms that audit opinion and auditor switching simultaneously exert a significant positive effect on audit delay.

R-Squared	0.591634	Mean dependent var	89.65217
Adjusted R-Squared	0.381446	S.D. dependent var	32.02873
S.E. of regression	25.19002	Akaike info criterion	9.556700
Sum squared resid	86297.08	Schwarz criterion	10.69981
Log likelihood	-918.1184	Hannan-Quinn criter	10.01896
F-statistic	2.814781	Durbin-Watson stat	1.912972
Prob(F-statistic)	0.000000		

Source: Author's Data Processed (2026)

Coefficient of Determination

R-Squared	0.591634	Mean dependent var	89.65217
Adjusted R-Squared	0.381446	S.D. dependent var	32.02873
S.E. of regression	25.19002	Akaike info criterion	9.556700
Sum squared resid	86297.08	Schwarz criterion	10.69981
Log likelihood	-918.1184	Hannan-Quinn criter	10.01896
F-statistic	2.814781	Durbin-Watson stat	1.912972
Prob(F-statistic)	0.000000		

Source: Author's Data Processed (2026)

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DISCUSSION

The Effect of Audit Opinion on Audit Delay

The test results demonstrate that audit opinion exerts a significant effect on audit delay. Grounded in agency theory, the relationship between the owner (principal) and management (agent) is highly susceptible to information asymmetry, given that management controls a larger portion of internal operational data. Investors demand an Unqualified Opinion as concrete evidence of management's competence in steering the corporation. Consequently, this creates a prolonged audit delay because the process entails extensive negotiations between the external auditor and management, alongside consultations with senior audit partners to mitigate adverse ramifications for both parties.

Empirically, this finding aligns with studies by Sutanto & Meiden (2023), Ichwan & Fitriyana (2023), and Nugraheni et al. (2025), which corroborate that superior audit opinions correlate with a shorter audit delay.

The Effect of Auditor Switching on Audit Delay

The empirical findings reveal that auditor switching does not have a significant effect on audit delay. Based on agency theory, management (the agent) is under obligation to present accurate and timely financial disclosures to shareholders (the principal) to compress information asymmetry. In this framework, auditor switching acts as an investor monitoring mechanism over management rather than a tool to manipulate audit duration. The absence of a significant effect stems from streamlined audit planning and a robust transition phase, where both incoming and predecessor auditors proactively address and map out client business processes and audit risk areas.

This discovery is coherent with the literature of Azhari (2025) and Mesir (2024), which demonstrates that sophisticated planning regarding business comprehension and materiality levels filters out the disruption of an auditor switch on scheduling. Hidayah et al. (2025) further substantiate this outcome, asserting that auditor rotation is predominantly focused on fortifying independence rather than driving report delivery speed.

CONCLUSION

The findings from the analysis of 207 observations within the Property & Real Estate sector on the IDX (2022–2024) demonstrate that when a company receives an Unqualified Opinion, the resulting audit delay is significantly shorter. This aligns with the specific characteristics of the property and real estate sector under study, which is

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characterized by complex asset structures, and long-term revenue recognition that demand more profound verification time from the auditor. In contrast, auditor switching does not exert an effect on audit delay. The insignificance of this variable indicates that property and real estate companies have implemented sound management practices in meticulously preparing for auditor transitions. The results of this study confirm that audit delay in the Property & Real Estate industry is more sensitive to the quality of financial statements as reflected by the audit opinion rather than changes in auditing personnel or firms.

SUGGESTION

Based on the research findings, several strategic recommendations are proposed for management, investors, and future researchers. For company management, it is highly recommended to enhance the quality of financial reporting to prevent receiving any audit opinion other than an Unqualified Opinion. For investors, particularly those in the property and real estate sector, the duration of audit delay warrants careful attention. This variable should be utilized as an early warning indicator; if a company experiences delays in publishing its financial statements, investors should exercise greater vigilance regarding potential deficiencies in the financial statements and indications of deteriorating corporate governance quality. Lastly, for future research, it is suggested to expand the scope of industry sectors and extend the observation period to obtain a more comprehensive analysis.

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