

The Effect of Auditor Switching and Company Operational Complexity on Audit Delay with the Effectiveness of Internal Control Systems as a Moderating Variable

Hesti Apryananda¹, Hariman Bone²✉

Mulawarman University, Samarinda, Indonesia.

✉Corresponding author: hariman.bone@feb.unmul.ac.id

Article history

Received 2025-11-21 | Accepted 2025-12-20 | Published 2025-12-31

Abstract

Studies on factors influencing audit delay have produced mixed findings. This study focuses on two potential determinants of extended audit delay, namely auditor switching and company operational complexity. Auditor switching may enhance auditor independence, but it can also increase audit time due to the new auditor's adaptation process. Meanwhile, company operational complexity is assumed to prolong audit delay because high transaction volumes and diverse activities require more extensive audit procedures. Therefore, this study aims to examine the effects of auditor switching and company operational complexity on audit delay, and to assess the effectiveness of internal control systems as a moderating variable. Using a sample of 61 non-cyclical consumer companies listed on the Indonesia Stock Exchange from 2020 to 2023 and employing moderation regression analysis, the results indicate that auditor switching has a significant positive effect on audit delay. In contrast, company operational complexity has no considerable impact. In addition, the effectiveness of internal control systems is found to weaken both relationships.

Keywords: Auditor Switching; Company Operational Complexity; Internal Control System; Audit Delay.

This is an open-access article under the CC-BY-SA license.



Copyright © 2025 Hesti Apryananda, Hariman Bone

INTRODUCTION

The timeliness of submitting audited financial statements is a crucial element in achieving transparency, accountability, and the quality of financial information for stakeholders. In Indonesia, the Financial Services Authority requires all publicly listed companies to submit their audited financial statements within 120 days after the end of the fiscal year (Otoritas Jasa Keuangan, 2016). Although this regulation is clearly stipulated, many companies still fail to publish their financial statements on time. Data from the Indonesia Stock Exchange (IDX) show that the number of companies late in reporting their audited financial statements fluctuated significantly throughout 2020–2023, reaching a high of 129 companies in 2023 (Bursa Efek Indonesia, 2024). Several companies in the consumer non-cyclicals sector were also recorded as receiving sanctions, ranging from written warnings to administrative fines, due to this delay.

This phenomenon of late submission of audited financial statements is closely related to audit delay, which refers to the time lag between the end of the fiscal year and the date of completion of the independent auditor's report (Adhika Wijasari & Wirajaya, 2021). A prolonged audit delay can reduce the relevance of financial information (Narayana & Yadnyana, 2017), decrease investor confidence, and trigger a perception of higher risk regarding the company's condition (Aziz & Indrabudiman, 2023). Investors often interpret a delay in financial reports as a negative signal, reflecting problems in the company's financial performance, governance, or the effectiveness of its internal controls, which can consequently impact its stock price and corporate image. Several studies have identified various factors that influence audit delays, including profitability, leverage, company size, auditor switching, operational complexity, auditor quality, and institutional ownership (e.g., Ariyanti et al., 2022; Putra & Wilopo, 2018; Rahayu & Rani, 2018; Simarmata & Fauzi, 2019).

This study focuses on the variable of auditor switching, as prior research indicates that auditor switching is a critical factor affecting audit delay. Some previous studies suggest that a change of auditors can extend audit delay (Rante & Simbolon, 2022). The new auditor or Public Accounting Firm appointed by the company requires additional time to understand the business characteristics and the accounting system implemented by the company, thereby prolonging the company's audit delay. Meanwhile, other studies report that auditor switching does not affect audit delay. A Public Accounting Firm or auditor who accepts a new client engagement will first consider audit risk by creating an audit plan containing the examination strategy. Furthermore, the auditor will maintain independence and competence in auditing the financial statements in accordance with the Professional Standards of Public Accountants (SPAP) and the agreed-upon schedule (Kristiana & Annisa, 2022).

The second factor that has received significant attention in audit delay research is the complexity of company operations. Companies with high operational complexity tend to have subsidiaries operating in different locations, which may result in a larger volume of financial information and data that the auditor must examine, thereby extending the audit delay period (Manajang & Yohanes, 2022). Conversely, some findings reveal that company operational complexity has no effect on audit delay (Karina & Julianto, 2022). Auditors possess a high level of professionalism, accompanied by adequate competence in their field, which enables them to formulate effective strategies and procedures before commencing the audit process. Thus, the number of subsidiaries, whether many or few, will not necessarily prolong audit delay.

The role of the internal control system can explain the inconsistency in these findings. An effective internal control system ensures that the process of recording, reporting, and presenting information complies with accounting standards, making it easier for the auditor to obtain reliable audit evidence. When an auditor switches occurs, a sound internal control system will help the new auditor understand and evaluate the company's accounting system. The same applies to companies with high operational complexity. The increase in subsidiaries and company financial information is not an issue if the internal control system functions well, as all information remains fully documented. This facilitates

the auditor's review and verification of the data, allowing the audit to be completed on time.

Based on this background, which explains the contradictions in the literature, this study aims to empirically test the influence of auditor switching and company operational complexity on audit delay, by incorporating the effectiveness of the internal control system as a moderating variable in companies within the consumer non-cyclicals sector listed on the Indonesia Stock Exchange for the period 2020-2023.

Literature Review

Effect of auditor switching on audit delay

The effect of auditor switching on audit delay can be explained through familiarity theory. This theory states that the level of familiarity or closeness between the auditor and the client (company) can affect the effectiveness and efficiency of the audit process. The longer the working relationship between the auditor and the client, the faster and more efficiently the audit process can be carried out. If auditor switching occurs, the long-established working relationship will be severed, so that the new auditor will need time to first learn about the characteristics of the client company.

Auditor switching refers to the replacement of auditors in a company, which can occur either due to applicable regulations (mandatory) or at the company's own discretion (voluntary). The familiarity theory explains that auditor switching in a company can result in a loss of familiarity between the old auditor and the audited company. The new auditor or Public Accounting Firm (KAP) appointed by the company must begin the audit process by first understanding the client's business operations and risks, resulting in a longer audit process. Conversely, if the audit work is carried out by an auditor who has previously handled the company, the audit process will not take long. This shows that auditor switching can affect the time required to complete the audit (audit delay).

The occurrence of auditor switching will require the new auditor to adapt to the client company, such as understanding the company's operations, accounting systems, and control systems. Furthermore, the new auditor will need more time to develop audit plans and procedures based on the characteristics of the company that have been understood. In addition, new auditors tend to face challenges in communicating with management because the cooperative relationship between the two is still in its early stages. Thus, the time required by new auditors to conduct audits increases, resulting in longer audit delays.

Research conducted by Colson Tani et al. (2022) states that auditor switching affects audit delay. These results are in line with research conducted by Rante and Simbolon (2022), which revealed that auditor switching has a significant positive effect on audit delay in industrial manufacturing companies during the 2017–2020 period. Both studies are supported by Hadi and Gharniscia (2023), who explain that auditor switching has a positive effect on audit delay.

H₁: Auditor switching affects audit delay.

Effect of company operational complexity on audit delay

The effect of corporate operational complexity on audit delay can be based on the theory of information overload. The theory of information overload explains that excessive information can make it difficult for individuals to understand, analyze, and make decisions effectively. Operational complexity can occur when a company experiences an increase in business scale and organizational structure, one example of which is demonstrated through the ownership of subsidiaries.

Companies with a high level of operational complexity will produce a larger and more diverse volume of information. Auditors must understand the broad business structure, diverse lines of business, and diverse accounting systems in each unit or location of the company. In addition, auditors also need to evaluate the effectiveness of internal control systems in each part of the company to ensure the accuracy of financial statements. This makes auditors potentially experience information overload so that they will have difficulty

sorting information and risk making mistakes that will affect the audit results. The information overload experienced by auditors will further impact the increase in audit completion time (audit delay). Companies without subsidiaries tend to experience shorter audit delay periods compared to companies with subsidiaries. This shows that the complexity of a company's operations can affect the audit completion time (audit delay).

Rahayu and Rani (2018) explain that the complexity of company operations has a positive and significant effect on audit delay. These results are in line with research by Simarmata and Fauzi (2019), which states that operational complexity affects audit delay. Similar findings are also reported by Pasande and Hartanti (2023), who state that operational complexity has a positive effect on audit delay. The more subsidiaries a parent company has, the more information auditors must collect in completing their audit work; therefore, auditors require more time to gather the necessary information.

H₂: Company operational complexity has an effect on audit delay.

Effect of auditor switching on audit delay moderated by the effectiveness of the internal control system

The effect of auditor switching on audit delay moderated by the effectiveness of internal control systems can be based on agency theory. Agency theory emphasizes that conflicts of interest between principals and agents can be overcome through appropriate oversight and incentive mechanisms, one of which is by incurring monitoring costs. Internal control systems and audit costs are examples of monitoring costs that serve to ensure that agents act in accordance with the interests of principals. Internal control systems are a series of supervisory procedures designed to prevent fraud and improve the transparency of financial reports. Meanwhile, internal and external audits play an important role in assessing the effectiveness of the implementation of internal control systems in a company.

The auditor switch requires the new auditor to adapt to the client company's accounting system, financial policies, and operations. This adjustment process can prolong the audit completion time (audit delay). However, this can be anticipated if the company has a well-functioning and effective internal control system. If the company's internal control system is effective, the adjustment process required by the auditor will be easier because all the necessary data and information have been well documented. In addition, the new auditor can more easily understand the financial flow and obtain the data needed in the audit process.

An effective internal control system can also ensure that financial statements, transaction evidence, and other supporting information are available accurately and on time, making it easier for auditors to do their work and shortening the audit delay period. Rahayu and Rani (2018) in their research revealed that internal control systems have a negative and significant effect on audit delay. Companies with effective internal control systems will make it easier for auditors to carry out substantive testing and compliance testing. That way, the financial statement audit process can run more efficiently, thereby reducing audit completion time (audit delay).

H₃: The effectiveness of the internal control system can weaken the effect of auditor switching on audit delay.

Effect of company operational complexity on audit delay moderated by the effectiveness of the internal control system

The effect of corporate operational complexity on audit delay moderated by the effectiveness of internal control systems can be based on agency theory. According to agency theory, the occurrence of agency problems between principals and agents can be caused by information asymmetry. Information asymmetry has the potential to increase when a company has high operational complexity. This occurs due to the large amount of data and information that makes the monitoring process more difficult, which ultimately reduces transparency and increases the risk of information manipulation.

The complexity of a company's operations arises from the existence of subsidiaries. If a company has subsidiaries spread across various regions, auditors need to allocate a longer period to carry out a series of audit procedures (Fadhilah & Lastanti, 2024). This statement is supported by Rahayu and Rani (2018), who state that the number of subsidiaries owned by a company indicates that the company has many branches that must be examined, including every transaction and related record. This condition causes auditors to require more time to complete their audit work, thereby affecting the audit delay period.

Companies that implement effective control systems have a deeper understanding of the information required by auditors. With a well-structured and well-documented system, companies will ensure that all financial reports, transaction evidence, and other supporting evidence are available accurately and on time. In addition, the implementation of an effective internal control system will help companies to better identify, record, and manage risks, making it easier for auditors to trace any data they need. Thus, auditors will not need to spend more time conducting their audit work, even if the company has highly complex operations.

H₄: The effectiveness of the internal control system is able to weaken the effect of company operational complexity on audit delay.

METHOD

This study used a population consisting of all non-cyclical consumer sector companies listed on the Indonesia Stock Exchange during the period 2020–2023, with a total of 126 companies. The research sample was determined using purposive sampling based on specific criteria, resulting in 61 companies that met the requirements for analysis. The data used was quantitative data with secondary data sources taken from the financial reports and annual reports of companies in the non-cyclical consumer sector during the research period, which were downloaded from the official website of the Indonesia Stock Exchange and the official websites of each company. Data analysis was performed using descriptive statistics, classical assumption tests, multiple linear regression tests, Moderated Regression Analysis (MRA), coefficient of determination tests, F tests, and t tests, with the help of SPSS version 25 software.

Table 1. Sample selection

No	Criteria	Total
1	Consumer non-cyclicals sector companies in Indonesia for the period 2020-2023	126
2	Consumer non-cyclicals sector companies were not continuously listed on the IDX during the 2020-2023 period	(40)
3	Consumer non-cyclicals sector companies that do not have subsidiaries	(18)
4	Consumer non-cyclicals sector companies that do not have complete research data	(7)
Number of companies		61
Total research sample (61 x 4)		244

Table 2. Variable operationalization

Variable	Indicator	Measurement Scale
Audit delay (Y)	Financial year closing date – audit report date	Ratio
Auditor switching (X ₁)	- Companies that perform auditor switching are assigned a value of 1 - Companies that do not perform auditor switching are assigned a value of 0.	Dummy variable
Company operational complexity (X ₂)	Number of directly owned subsidiaries	Ratio
Effectiveness of internal control system (Z)	- Companies receiving an unqualified opinion are assigned a value of 1 - Companies receiving an unqualified opinion with explanatory paragraphs or other than unqualified are assigned a value of 0	Dummy variable
Profitability (K ₁)	Return on assets (ROA)	Ratio

Variable	Indicator	Measurement Scale
Leverage (K ₂)	Debt to equity ratio (DER)	Ratio
Company size (K ₃)	Natural logarithm of total assets	Ratio

RESULT AND DISCUSSION

Result

Descriptive Statistics Test

Descriptive statistics aim to provide an overview of the data characteristics for each research variable. The information presented includes the minimum, maximum, mean and standard deviation values, which together illustrate the distribution and variability of the data used.

Table 3. Descriptive analysis results

	Descriptive Statistics				
	N	Min	Max	Mean	Std. Dev.
Before outlier					
Auditor switching (X ₁)	244	0,00	1,00	0,422	0,494
Company operational complexity (X ₂)	244	1,00	46,00	6,319	7,719
Audit delay (Y)	244	28,00	272,00	92,426	27,259
Internal control system (Z)	244	0,00	1,00	0,877	0,329
Profitability (K ₁)	244	-0,52	0,94	0,038	0,134
Leverage (K ₂)	244	-4,86	92,50	2,435	7,696
Company size (K ₃)	244	14,38	30,80	21,925	5,692
Valid N (listwise)	244				
After outlier					
Auditor switching (X ₁)	181	0,00	1,00	0,425	0,495
Company operational complexity (X ₂)	181	1,00	34,00	5,530	5,159
Audit delay (Y)	181	52,00	165,00	90,933	20,264
Internal control system (Z)	181	0,00	1,00	0,900	0,300
Profitability (K ₁)	181	-0,14	0,20	0,050	0,063
Leverage (K ₂)	181	-2,08	29,32	1,503	2,898
Company size (K ₃)	181	14,38	30,80	22,117	5,812
Valid N (listwise)	181				

Table 3 summarizes the descriptive statistics of all research variables before and after the outlier detection process. Initially, the dataset consisted of 244 observations. To improve data quality and address potential violations of statistical assumptions, an outlier screening was conducted using objective statistical criteria to identify extreme observations.

As a result, 63 observations were excluded, reducing the final sample to 181 observations. After outlier removal, the variability of several variables—particularly company operational complexity, audit delay, leverage, and profitability—decreased, as reflected by narrower ranges and lower standard deviation values. Meanwhile, the mean values of the main variables remained relatively stable, indicating that the exclusion of outliers did not substantially affect the central tendency of the data.

Overall, the outlier treatment enhanced the distributional properties of the dataset and supported the robustness of subsequent analyses, while minimizing concerns regarding data-driven results.

Normality test

The normality test in this study was conducted using the Monte Carlo method. This method was chosen because it works by performing repeated simulations using random numbers to form the empirical distribution of the test statistic, thereby reducing potential bias that might arise in conventional normality tests (Romao et al., 2010). The decision is

based on the Monte Carlo Sig. (2-tailed) probability value; the data is considered normally distributed if the significance value is greater than 0.05.

Table 4. Normality Test Results

	N	Monte Carlo Sig. (2-tailed)
Before outlier		
Model 1	244	0,000 ^d
Model 2	244	0,000 ^d
Model 3	244	0,001 ^d
After outlier		
Model 1	181	0,000 ^d
Model 2	181	0,001 ^d
Model 3	181	0,051 ^d

Based on the normality test results in Table 4, before outlier removal, all three regression models showed Monte Carlo Sig. (2-tailed) values below the 0.05 significance level, indicating non-normal residuals.

After outlier removal, models 1 and 2 still produced Monte Carlo Sig. (2-tailed) values of 0.000 and 0.001 (< 0.05), while model 3 obtained a value of 0.051 (> 0.05), indicating normally distributed residuals. Although models 1 and 2 do not meet the normality assumption, their regression results remain acceptable because the sample size exceeds the minimum requirement of 30 based on the Central Limit Theorem [24]. Thus, the regression analysis for all three models is still valid for further statistical testing.

Multicollinearity test

The multicollinearity test is used to identify whether there is a strong relationship between the independent variables in the regression model. The VIF and Tolerance values determine the indication of multicollinearity.

Table 5. Multicollinearity Test Results

Variabel	Collinearity statistics					
	Model 1		Model 2		Model 3	
	Tolerance	VIF	Tolerance	VIF	Tolerance	VIF
X ₁	0,997	1,003	0,991	1,010	0,972	1,029
X ₂	0,997	1,003	0,989	1,011	0,923	1,083
Z			0,980	1,021	0,817	1,223
X ₁ *Z			0,970	1,031	0,847	1,181
X ₂ *Z			0,963	1,039	0,843	1,186
K ₁					0,778	1,285
K ₂					0,631	1,585
K ₃					0,906	1,104

Dependent variable: audit delay

Based on the multicollinearity test results shown in Table 5, all variables in the three models have a Variance Inflation Factor (VIF) < 10.00 and a Tolerance value > 0.10. Therefore, it can be concluded that all variables in the three regression models are free from multicollinearity.

Heteroscedasticity test

The heteroscedasticity test is used to assess whether the variance of the residuals in the regression model is consistent across observations. The heteroscedasticity test in this study uses the Glejser test, with the evaluation criterion based on the significance value (> 0.05).

Table 6. Heteroscedasticity test results

Variabel	Sig.		
	Model 1	Model 2	Model 3
(Constant)	0,000	0,000	0,071
X ₁	0,057	0,659	0,970
X ₂	0,180	0,725	0,719
Z		0,873	0,990
X ₁ *Z		0,752	0,362
X ₂ *Z		0,898	0,813
K ₁			0,221
K ₂			0,091
K ₃			0,730

Dependent variable: ABS_RES

Based on the heteroscedasticity test results in Table 6, all variables in the three models have a significance value > 0.05. Thus, the three regression models used in this study are free from heteroscedasticity.

T-test

Table 7. T-test results

	Model 1		Model 2		Model 3	
	β	Sig	β	Sig	β	Sig
Constant	90,513	0,000	111,212	0,000	100,548	0,000
X ₁	6,568	0,030	6,426	0,019	6,347	0,020
X ₂	-0,429	0,139	-0,522	0,047	-0,390	0,145
Z			-22,371	0,000	-18,400	0,000
X ₁ * Z			-29,498	0,002	-23,921	0,015
X ₁ * Z			-2,242	0,015	-2,210	0,023
K ₁					-54,154	0,022
K ₂					-0,318	0,581
K ₁					-54,154	0,022
K ₂					-0,318	0,581
K ₃					0,433	0,072
R-square		0,040		0,233		0,269
Adjusted R-square		0,029		0,212		0,235
F		3,690		10,657		7,893
Sig.		0,027 ^b		0,000 ^b		0,000 ^b

Based on the data in Table 7, hypothesis testing is performed using Model 3, which includes all independent variables, interaction variables, and control variables. The auditor switching (X₁) variable in Model 3 has a significance value of 0.020 (< 0.05), indicating that auditor switching has a positive and significant effect on audit delay. Therefore, the first hypothesis, which states that auditor switching affects audit delay, is accepted, or H₁ is supported.

Furthermore, the company operational complexity (X₂) variable in Model 3 has a significance value of 0.145 (> 0.05), leading to the conclusion that the company operational complexity variable does not affect audit delay. Therefore, the second hypothesis, which states that company operational complexity affects audit delay, is not accepted, and H₂ is not supported.

The interaction variable between auditor switching and the internal control system in Model 3 yields a significance value of 0.015 (< 0.05), indicating that the effectiveness of the internal control system can mitigate the effect of auditor switching on audit delay. Therefore, the third hypothesis in this study is accepted, or H₃ is supported.

Furthermore, the interaction variable between company operational complexity and the internal control system in Model 3 shows a significance value of 0.023 (< 0.05), indicating that the effectiveness of the internal control system can mitigate the effect of company

operational complexity on audit delay. Therefore, the fourth hypothesis in this study is accepted, or H_4 is supported.

Discussion

Effect of Auditor Switching on Audit Delay

Based on the t-test results in Table 14, the auditor switching variable in Model 3 shows a significance of 0.020 (< 0.05), leading to the conclusion that the change of auditor has a positive and significant effect on audit delay for companies in the consumer non-cyclicals sector listed on the IDX during the 2020–2023 period. This finding is consistent with Familiarity Theory, which explains that auditor switching eliminates the level of familiarity that had been established between the company and the previous auditor.

A long-term relationship between the auditor and the client enables the auditor to develop a deeper understanding of the client's business environment, operational processes, accounting practices, and internal control systems. When an auditor change occurs, this accumulated knowledge is lost, requiring the new auditor to rebuild familiarity from the beginning. The new auditor or Public Accounting Firm must obtain a comprehensive understanding of the client's business characteristics, including operational activities, organizational structure, accounting policies, information systems, and internal control mechanisms. This learning phase requires additional time and effort, particularly for companies with a high level of operational complexity or those with numerous subsidiaries, which are commonly found in the consumer non-cyclicals sector.

Furthermore, the new auditor must reassess audit risks, determine materiality levels, and redesign audit plans and procedures that are appropriate to the company's specific conditions. All of these preliminary stages indirectly extend the overall audit timeline. In addition, communication and coordination with company management during the early stages of the audit engagement can present significant challenges. The accumulation of these factors ultimately increases audit completion time and prolongs audit delay.

The result of this study is consistent with previous findings, which state that auditor switching prolongs audit delay because the new auditor requires more time to understand the company's systems and conditions (Ariyanti et al., 2022; Putra & Wilopo, 2018). However, this result differs from other studies, which concluded that auditor switching does not affect audit delay (Kristiana & Annisa, 2022; Yanthi et al., 2020).

Effect of Company Operational Complexity on Audit Delay

Based on the t-test results in Table 14, the company operational complexity variable in Model 3 yields a significance value of 0.145 (> 0.05), indicating that operational complexity does not affect audit delay for companies in the consumer non-cyclicals sector listed on the IDX during the 2020–2023 period. This finding is not in line with Information Overload Theory, which posits that the more complex a company's structure, the greater the potential for auditors to experience an overload of information, which could prolong the audit process. However, the results of this study actually show that operational complexity does not influence the audit duration.

Companies with a high level of operational complexity are generally accustomed to managing complex organizational structures and greater reporting demands. Such companies tend to implement stronger corporate governance practices, more effective internal control systems, and more reliable accounting information systems. These mechanisms enable firms to process and present financial information in a structured and timely manner, thereby facilitating auditors in obtaining the necessary information and performing audit procedures more efficiently.

In addition, companies operating in the consumer non-cyclicals sector typically face relatively stable demand and predictable business cycles. This condition allows management to implement standardized reporting procedures across business units and subsidiaries, thereby reducing inconsistencies in financial data. With standardized

systems and adequate documentation in place, the potential negative impact of operational complexity on audit timeliness can be minimized.

This finding supports previous research suggesting that companies with high operational complexity tend to be more prepared in providing audit evidence and possess adequate accounting information systems (Manajang & Yohanes, 2022; Putra & Wiratmaja, 2019). Nevertheless, the results of this study contradict other findings, which state that company operational complexity has a positive and significant effect on audit delay (Pratiwi & Wiratmaja, 2018; Artana et al., 2021).

The Role of the Internal Control System in Moderating the Effect of Auditor Switching on Audit Delay

Based on the t-test results presented in Table 14, the interaction variable between auditor switching and the internal control system in Model 3 shows a significance value of 0.015 (< 0.05). This result indicates that the internal control system significantly moderates the relationship between auditor switching and audit delay. Specifically, the effectiveness of the internal control system is able to weaken or mitigate the impact of auditor switching on audit delay for companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period. In other words, although auditor switching generally has the potential to increase audit delay due to the learning process required by new auditors, this effect can be reduced when the company has a well-designed and effectively implemented internal control system.

An effective internal control system facilitates a more structured audit process by ensuring that financial data, transaction records, and supporting documentation are complete, reliable, and easily accessible. As a result, new auditors can more quickly understand the company's business processes, accounting policies, and internal procedures, thereby reducing the time needed to perform audit planning and substantive testing. This condition is reflected in PT Supra Boga Lestari Tbk. and PT Wismilak Inti Makmur Tbk., which were able to complete the audit process within the stipulated timeframe despite undergoing auditor switching. The timely completion of audits in these companies indicates that strong internal control systems can maintain audit efficiency even in periods of auditor transition.

These findings are consistent with Agency Theory, which emphasises the importance of internal control mechanisms in reducing information asymmetry between principals and agents (Jensen & Meckling, 1976). A robust internal control system enhances transparency, strengthens managerial accountability, and ensures the timely and accurate presentation of financial information to stakeholders. Rezky and Tjakrawala (2024) also state that an effective internal control system ensures the availability of economic reports, transaction evidence, and supporting documents in a complete and well-documented manner. This condition helps the new auditor understand the flow of transactions and the company's accounting policies more quickly.

Therefore, the duration of audit completion can remain short even if the company performs auditor switching. This finding aligns with previous research, which has also yielded similar results, specifically that the internal control system serves as a moderator that reduces the impact of auditor switching on audit delay (Ariyanti et al., 2022).

The Role of The Internal Control System in Moderating the Effect of Company Operational Complexity on Audit Delay

Based on the t-test results presented in Table 14, the interaction variable between company operational complexity and the internal control system in Model 3 shows a significance value of 0.023 (< 0.05). This finding indicates that the internal control system significantly moderates the relationship between operational complexity and audit delay. Specifically, the effectiveness of the internal control system is proven to mitigate the impact of operational complexity on audit delays for companies in the consumer non-cyclicals sector during the 2020–2023 period. Although companies with a high level of operational complexity tend to face longer audit processes due to the volume and diversity of

transactions, the presence of an effective internal control system enables these companies to complete the audit process in a timely manner.

An effective internal control system plays a vital role in organising and standardising financial reporting processes across business units and subsidiaries. By ensuring consistent documentation, clear transaction trails, and reliable reporting mechanisms, the internal control system helps auditors obtain sufficient and appropriate audit evidence more efficiently. This condition reduces the time required for audit planning, risk assessment, and substantive testing, even when auditors are required to examine complex organisational structures. This phenomenon is reflected in the financial statements of PT Dharma Satya Nusantara Tbk. and PT Palma Serasih Tbk., which continue to be published on time despite having numerous subsidiaries and complex operational activities.

This finding is consistent with Agency Theory, which explains that increasing operational complexity heightens the potential for information asymmetry between management and shareholders. In such circumstances, the effectiveness of the internal control system becomes a crucial mechanism for ensuring the availability of accurate, complete, and reliable financial information. A strong internal control system supports managerial accountability and enhances transparency, thereby reducing the risk of delays in the audit process. Consequently, audit delay can be minimised even when auditors are confronted with large volumes of diverse information arising from high operational complexity.

Furthermore, the results of this study are in line with the findings of Manajang and Yohanes (2022), who also reported that an effective internal control system can accelerate audit completion in companies with extensive and diverse operating structures. Overall, these findings highlight the strategic role of internal control systems in maintaining audit timeliness and supporting high-quality financial reporting in complex organisational environments.

CONCLUSION

The objective of this research is to analyse the effect of auditor switching and company operational complexity on audit delay, and to test the role of the internal control system as a moderating variable in the relationship between these two independent variables and audit delay. This study also included control variables such as profitability, leverage, and company size. The data analysis in this study was conducted using multiple linear regression and Moderated Regression Analysis (MRA) on companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange (IDX) during the 2020-2023 period.

The results show that the auditor switching variable has a positive and significant effect on audit delay. This reflects that the change of auditors, whether mandatory or voluntary, is proven to extend the audit completion time. Furthermore, the results indicate that the company's operational complexity variable does not affect audit delay. High operational complexity will not prolong the audit completion time, which is attributed to the ability of large companies to implement effective supervision systems and accounting information systems, supported by adequate human resources and technology.

In addition, the research findings also demonstrate that the effectiveness of the internal control system can weaken the effect of both auditor switching and company complexity on audit delay. An effectively functioning internal control system ensures that all financial documents, transaction evidence, and other supporting information are entirely recorded and easily traceable. This condition facilitates the audit process, both for new auditors who require an initial understanding of the company and for auditors who must handle a large volume of information due to a complex operating structure. With the support of an effective internal control system, auditors can still complete the audit process on time, even when faced with an auditor change or high operational complexity within the company.

References

- Adhika Wijasari, 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>
- Ariyanti, N., Sulistiyo, H., & Manaf, S. (2022). The role of the internal control system in mediating the influence of company size and auditor switching on audit delay in companies listed on the Indonesia Stock Exchange. *Asian Journal of Economics, Business and Accounting*, 175–186. <https://doi.org/10.9734/ajeba/2022/v22i2230721>
- Arnold, M., Goldschmitt, M., & Rigotti, T. (2023). Dealing with information overload: A comprehensive review. *Frontiers in Psychology*, 14. <https://doi.org/10.3389/fpsyg.2023.1122200>
- Artana, I. K. P., Indraswarawati, S. A. P. A., & Putra, C. G. B. (2021). Pengaruh ukuran perusahaan, kompleksitas operasi perusahaan, reputasi auditor, dan financial distress terhadap audit delay di Bursa Efek Indonesia tahun 2016–2018. *Hita Akuntansi dan Keuangan*, 2(1), 120–143. <https://doi.org/10.32795/hak.v2i1.1494>
- Aziz, I., & Indrabudiman, A. (2023). Analisis faktor-faktor yang mempengaruhi audit delay dengan profitabilitas sebagai variabel intervening. *Jurnal Keuangan dan Perbankan*, 19(2), 81–94. <https://doi.org/10.35384/jkp.v19i2.387>
- Bursa Efek Indonesia. (2024). Sanksi atas penyampaian laporan keuangan auditan tahunan per 31 Desember 2023. <https://www.idx.co.id>
- Fadhilah, A. F., & Lastanti, H. S. (2024). Pengaruh kinerja keuangan, kompleksitas operasional, dan mekanisme good corporate governance terhadap audit delay pada perusahaan sektor pertambangan. *Cemerlang: Jurnal Manajemen dan Ekonomi Bisnis*, 4(2), 60–74. <https://doi.org/10.55606/cemerlang.v4i2.2630>
- Fajriani, A., & Achmad, T. (2023). Pengaruh mandatory auditor switching terhadap kualitas audit. *Diponegoro Journal of Accounting*, 12(1), 1–11.
- Farizal, T., & Utami, T. (2023). Pengaruh pengendalian internal, financial distress dan dewan komisaris independen terhadap audit delay, 2(2), 236–260.
- Hadi, S., & Gharniscia, J. S. (2023). The effect of company size, KAP reputation, audit fee, auditor switching on audit delay. *AT-Tawassuth: Jurnal Ekonomi Islam*, 8(1), 1–19.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3, 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Karina, T., & Julianto, W. (2022). Pengaruh financial distress, audit complexity dan kompleksitas operasi terhadap audit delay. *Veteran Economics, Management & Accounting Review*, 1(1), 121–132.
- Kristiana, L. W., & Annisa, D. (2022). Pengaruh kepemilikan institusional, auditor switching, dan financial distress terhadap audit delay. *Jurnal Revenue: Jurnal Ilmiah Akuntansi*, 3(1), 267–278. <https://doi.org/10.46306/rev.v3i1.118>
- Lukman, F., & Syofyan, E. (2024). Pengaruh pelaksanaan sistem pengendalian internal, kompleksitas operasional perusahaan, dan kompetensi auditor internal terhadap audit delay. 6(4), 1356–1371.
- Manajang, F. C., & Yohanes. (2022). Perusahaan, reputasi KAP, dan pandemi COVID-19. 243–266.
- Narayana, D. G. A., & Yadnyana, I. K. (2017). Pengaruh struktur kepemilikan, financial distress dan audit ketepatanwaktuan publikasi laporan keuangan. *E-Jurnal Akuntansi Universitas Udayana*, 18(3), 2085–2114.
- Otoritas Jasa Keuangan. (2016). Peraturan Otoritas Jasa Keuangan Republik Indonesia Nomor 29/POJK.04/2016 tentang laporan tahunan emiten atau perusahaan publik. <https://www.ojk.go.id>
- Pasande, Y. B., & Hartanti, R. (2023). Pengaruh kompleksitas operasi, solvabilitas dan auditor switching terhadap audit delay perusahaan pertambangan. *Jurnal Ilmiah Wahana Pendidikan*, 9(10), 317–327. <https://doi.org/10.5281/zenodo.7984902>
- Praoptika, P., & Rasmini, N. (2016). Pengaruh audit tenure, pergantian auditor dan financial distress pada audit delay pada perusahaan consumer goods. *E-Jurnal Akuntansi*, 15(3), 2052–2081.

- Pratiwi, C. I. E., & Wiratmaja, I. D. N. (2018). Pengaruh audit tenure dan kompleksitas operasi terhadap audit delay perusahaan pertambangan di BEI tahun 2013–2016. *E-Jurnal Akuntansi*, 24, 1964. <https://doi.org/10.24843/eja.2018.v24.i03.p12>
- Putra, A. C., & Wiratmaja, I. D. N. (2019). Pengaruh profitabilitas dan kompleksitas operasi pada audit delay dengan ukuran perusahaan sebagai variabel moderasi. *E-Jurnal Akuntansi*, 27, 2351. <https://doi.org/10.24843/eja.2019.v27.i03.p26>
- Putra, V. A., & Wilopo, R. (2018). The effect of company size, accounting firm size, solvency, auditor switching, and audit opinion on audit delay. *Indonesian Accounting Review*, 7(1), 119–130. <https://doi.org/10.14414/tiar.v7i1.956>
- Rahayu, N., & Rani, P. (2018). Pengaruh sistem pengendalian internal, kompleksitas operasi, kepemilikan institusional, dan auditor switching terhadap audit delay. *Jurnal Akuntansi Responsibilitas Audit dan Pajak*, 1(2).
- Rante, W. A., & Simbolon, S. (2022). Pengaruh auditor switching, audit tenure, dan ukuran KAP terhadap audit delay. *eCo-Buss*, 5(2), 606–618. <https://doi.org/10.32877/eb.v5i2.526>
- Rezky, A., & Tjakrawala, F. X. K. (2024). Improve the effectiveness of the company's financial. 7(3), 8112–8126.
- Romao, X., Delgado, R., & Costa, A. (2010). An empirical power comparison of univariate goodness-of-fit tests for normality. *Journal of Statistical Computation and Simulation*, 80(5), 545–591. <https://doi.org/10.1080/00949650902740824>
- Simarmata, J., & Fauzi, R. (2019). Pengaruh profitabilitas, leverage, kompleksitas operasi, reputasi KAP dan komite audit terhadap audit delay. *Jurnal Ilmiah Akuntansi dan Ekonomi*, 4(1), 90–108.
- Sungkono, J., & Wulandari, A. A. (2022). Pembelajaran teorema limit pusat melalui simulasi. *Absis: Mathematics Education Journal*, 4(2), 69–76. <https://doi.org/10.32585/absis.v4i2.2520>
- Wijayanti, S., & Effriyanti, E. (2019). Pengaruh penerapan IFRS, audit effort, dan kompleksitas operasi perusahaan terhadap audit delay. *Akuntabilitas*, 13(1), 33–48. <https://doi.org/10.29259/ja.v13i1.9479>
- Yanthi, K. D. P., Merawati, L. K., & Munidewi, I. A. B. (2020). Pengaruh audit tenure, ukuran KAP, pergantian auditor, dan opini audit terhadap audit delay pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia tahun 2015–2018. *Jurnal Kharisma*, 2, 148–158.
- Yeanne Colson Tani, A., Grahita, C., & Diana, Z. (2022). Effect of audit tenure and auditor switching on audit delay with auditor specialization as moderating variable. *Eduvest: Journal of Universal Studies*, 2(3), 490–497. <https://doi.org/10.59188/eduvest.v2i3.348>