

Analysis of Factors Affecting the Timeliness of Financial Reporting (Case Study at Bank Indonesia in 2020-2022)

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ABSTRACT

This study aims to determine the factors that are predicted to affect the timeliness of corporate financial reporting. These factors include profitability, company size and audit opinion. This research uses descriptive qualitative methods with data collection techniques through documentation. The data used in the study in the form of timeliness of financial reports obtained from the annual report of Bank Indonesia companies. The results of the study can be explained that the profitability value calculated by ROA results in that for 3 consecutive years Bank Indonesia can be declared quite healthy. The size of the company owned by Bank Indonesia from 2020-2022 has increased every year, which means that the size value of Bank Indonesia exceeds the company size criteria, so that Bank Indonesia can be declared a large company. And based on existing data on Bank Indonesia's financial statements in 2020-2022, it is fairly presented in accordance with Bank Indonesia's financial accounting policies and is included in the unqualified type.

Keywords: Profitability; Company Size; Audit Opinion; Timeliness of Financial Reporting.

INTRODUCTION

Financial reports are an instrument that needs to be considered by companies going public so that shareholders, investors, the government and other parties are interested in investing their capital (Pradipta, 2016). Financial reporting with high quality, completeness, and also accuracy in financial reporting is very important for stakeholders and shareholders, who must adapt to focused and evolving audit requirements, especially for public companies (Purnama Sari & Y. Agus Bagus Budi N, 2023).

If there is a delay in financial reporting, the resulting information will lose its relevance. Timely information is very important to be used as a means of communication, the basis for economic decision making and to avoid delays in decision making (Marcelli & Lasdi, 2022). One way to measure the transparency and quality of financial reporting is timeliness (Fatricia & Wijaya, 2023). This has been the focus of several studies. Therefore, researchers are interested in examining factors such as profitability, company size, and auditor opinion that play a role in timely financial reporting.

METHOD

In this study using qualitative research methods. This qualitative research uses documentation research methods, documentation is a method of searching for data sourced from writings related to research problems (secondary data collection in the form of notes, manuals, newspapers, agendas, meetings, etc.) (Sa'adah, 2023). With the object of research, namely profitability, company size and audit opinion. The research subject is Bank Indonesia for the period 2020-2022 with secondary data sourced from financial report documentation published on the Bank Indonesia website.

RESULT AND DISCUSSION

Financial statements are a means of conveying information to external parties and describe the history of a company, and are expressed in units of money (Kieso et al., 2018). The information contained in the company's financial statements must be relevant and reliable (BI, 2023). Financial reports are

needed by the public on time to be used as a consideration in determining their investment (Prakoso & Wahyudi, 2022). Financial statement analysis is also carried out by investors or parties concerned as a tool for stakeholders to obtain information (Aisyah et al., 2017) regarding the company's financial condition.

Bank Indonesia is the central bank of the Republic of Indonesia established in 1953, replacing the Bank of Java which was formed in 1828 to meet the financial needs of the Dutch East Indies. Bank Indonesia is responsible for issuing the Indonesian rupiah currency and acts as the country's national bank. It operates as a central bank, offering the rupiah for goods and services, exchange rate stability against other foreign currencies, as well as providing employment, books, central banking studies, and museum services. Bank Indonesia has 37 offices across Indonesia and five (Yennisa, 2017) representative offices in New York City, London, Tokyo, Singapore, and Beijing Bank Indonesia is also responsible for maintaining the stability of Indonesia's financial system and implementing monetary policy to achieve its objectives.

- **Profitability**

Profitability is the company's ability to create profits using sufficient available capital (Purnama Sari & Y. Agus Bagus Budi N, 2023). Profitability shows the company's success in generating sales profits, assets and profits in the capital itself. The greater the profitability will show that the company has good performance so that the resulting financial statements contain good news and will encourage companies to convey information to interested parties (Yennisa, 2017). Profitability is used to measure the company's ability to generate profits during a certain period (Lailatus Sa'adah, S.E., 2020). Profitability is often used as a measure of the company's performance and effectiveness in managing its resources (Hamidah, 2019). The high profitability ratio in a company will show that the company has carried out management efficiency by maximizing all company assets in an effort to increase company profits. (Hanafi & Halim, 2018).

Other research states that profitability describes the company's ability to generate profit or wealth. If the higher the reported wealth, it will provide good news for outsiders regarding the company's success in running a business, thus encouraging management to submit reports in a timely manner so that other parties can use the information to make decisions (Asriyatun & Syarifudin, 2020).

The formula that can be used to calculate profitability according to is:

$$\text{Return On Assets} = \frac{\text{Laba Bersih}}{\text{Total Aset}} \times 100\%$$

The following are the results of the calculation of ROA at the Bank Indonesia company in 2020-2022:

- Year 2020 = $\frac{26.285.228,00}{3.044.884.809,00} \times 100\% = 0,86\%$
- Year 2021 = $\frac{19.175.543,00}{3.481.925.116,00} \times 100\% = 0,55\%$
- Year 2022 = $\frac{21.762.810,00}{3.780.041.390,00} \times 100\% = 0,57\%$

Based on the results of the calculation of ROA with ROA assessment criteria from rank 1 - 5, namely: 1) if the ROA ratio is more than 2%, the bank is declared very healthy; 2) if the ROA ratio is 1.25% to 2%, the bank is declared healthy; 3) if the ROA ratio is 0.5% to 1.25%, the bank is declared healthy or quite healthy; 4) if the ROA ratio is 0% to 0.5%, the bank is declared less healthy; 5) if the ROA ratio is 0% or less than 0% (negative), the bank is declared unhealthy.

The results of the ROA calculation show that in 2020 the profitability value of Bank Indonesia shows 0.86%, while in 2021 the profitability value of Bank Indonesia shows 0.55% and in 2022 the profitability value of Bank Indonesia shows 0.57% This means that based on Bank Indonesia's ROA profitability assessment criteria for 3 consecutive years shows more than 0.5% and less than 1.25% which illustrates that the Bank Indonesia company is declared in a fairly healthy state.

- **Company Size**

Company size is one of the scales by which the size of a company can be classified in various ways, including total asset value, total sales, market capitalization, number of workers and so on. The greater the value of these items, the greater the size of the company. Companies that fall into the large category will be more timely in financial reporting, where large companies have a lot of information that will be submitted to the public as stakeholders (Asriyatun & Syarifudin, 2020).

The size of a company can be determined by its total assets and liabilities which reflect the

company's overall wealth and financial position (Agus, 2017). The larger a company, the more likely it is that the company will be more timely in submitting financial reports because it has more resources, accounting staff and sophisticated information systems (Wicaksono & Purwanto, 2021).

Other studies also state that companies that have more qualified accounting staff resources and a good internal control system will be more efficient in submitting annual financial reports and reporting them on time. Therefore, companies with large sizes tend to complete financial reports faster (Habibie & Triani, 2022).

The following are the results of the calculation of the size of the Bank Indonesia company in 2020-2022:

- Year 2020 = company size = 3,044,834,809,000,000.00 Ln = 35.65222304
- Year 2021 = company size = 3,481,925,116,000,000.00 Ln = 35.78636173
- Year 2022 = company size = 3,780,041,390,000,000.00 Ln = 35.86851135

Based on the results of the calculation of company size above with the assessment criteria, namely: 1) if the value shows 29.92 to 31.15, it indicates that the size of the company is very large. 2) if the company size value shows 28.65 to 29.91, it indicates that the company size is large. 3) if the company size value shows 27.38 to 28.64, it indicates that the company size is medium. 4) if the company size value shows 26.11 to 27.37, it indicates that the company size is small.

The results of the calculation of company size obtained from the natural logarithm of total assets owned by Bank Indonesia in 2020 show an amount of 35.65 and an increase in 2021 of 35.78 and in 2022 of 35.86. This means that the value of the size of the Bank Indonesia company shows more than the criteria, namely 29.92 to 31.15, which illustrates that the Bank Indonesia company has a very large company size. So, the wealth owned by the Bank Indonesia company is in a large amount.

• **Audit Opinion**

Audit opinion is the opinion of a public accountant or independent auditor on the company's annual financial statements that he has audited (Sari1 & Yustien3, 2022). The auditor as an independent party in auditing the financial statements of a public company provides an opinion on the audited financial statements. The auditor's opinion also needs to be considered in completing the financial statements. The longer the completion of the audit of financial statements can trigger negative effects on the company due to the slowness of the audit report, causing accounting information to be unreliable and irrelevant and can create a lack of investor confidence (Nurlen et al., 2021).

Audit opinion is a report made by the auditor on the basis of examination and findings in the financial statements, which shows the fairness of the presentation that has been made in a company (Ardiyos, 2016).

Compliance theory states that companies that get a good audit opinion will be faster and more compliant in submitting their financial reports because this is good information for investors. Conversely, companies that do not get an unqualified opinion have a longer audit delay because the process of providing an audit will involve negotiations with clients and consultation with more senior audit partners (Finance, 2022).

Based on data from Bank Indonesia's financial statements in 2020-2022, it is fairly presented and scored 1, in all material respects, the financial position of Bank Indonesia as of December 31, and the surplus deficit for the year then ended, are in accordance with the Financial Accounting Policies of Bank Indonesia. So, the financial statements of the Bank Indonesia company are included in the *unqualified opinion* type because the reports have been made in accordance with applicable accounting. Where the financial statements are said to be an unqualified opinion if they meet the following conditions:

- The required audit evidence has been collected and auditors have performed their duties so as to ensure fieldwork has been adhered to,
- Has met the agreed general standards,
- The audited financial statements are presented in accordance with accounting generally accepted in Indonesia and have been consistently applied to previous reports.

CONCLUSION

- From the results of the calculation of profitability calculated with ROA, it results that for 3 consecutive years the profitability value of Bank Indonesia is more than 0.5% and less than 1.25%, which illustrates that the Bank Indonesia company is declared in a fairly healthy state.

- The results obtained from the calculation of the size of the company owned by Bank Indonesia from 2020 - 2022 have increased every year, which means that the size value of Bank Indonesia exceeds the criteria of 29.92 to 31.15, illustrating that the Bank Indonesia Company has a very large company size. So the wealth owned by the Bank Indonesia company is in a large amount.
- The results of the Audit Opinion based on existing data on Bank Indonesia's financial statements in 2020 to 2022 are fairly presented and get a score of 1 in accordance with Bank Indonesia's financial accounting policies and are included in the type of *unqualified opinion*.

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