

515-535.pdf



Available at :

<http://ojs.unik-kediri.ac.id/index.php/ekonika>

**Ekonika**  
Jurnal Ekonomi Universitas Kediri

## Creative Accounting on Audit Delay: Transparency of Profit Rights and Equity Distribution As Moderation

Beby Hilda Agustin<sup>1</sup>, Marhaendra Kusuma<sup>2\*</sup>, Omi Pramiana<sup>3</sup>, Alfredo Dos Santos<sup>4</sup>

Universitas Islam Kediri<sup>1,2</sup>, ITEBIS PGRI Dewantara Jombang<sup>3</sup>,

Universidade Dili Timor Leste<sup>4</sup>

Email Korespondensi : [marhaenis@uniska-kediri.ac.id](mailto:marhaenis@uniska-kediri.ac.id)

### ABSTRACT

#### Article History:

Received: 22 July 2025

Revised: 28 Aug 2025

Published: 30 September 2025

#### Keywords:

Creative Accounting;  
Transparency Of Distribution  
Of Rights;  
Shareholders;  
Audit Delay.

The purpose of this study is to provide evidence whether: 1) creative accounting actions have a positive effect on audit delay, and 2) whether transparency of distribution of rights to shareholders weakens the positive effect of creative accounting on audit delay. Financial report data with 2,641 observation data from a sample of 543 companies listed on the IDX for the period 2020-2024 were tested using Moderated Regression Analysis. The results of the study indicate that creative accounting has a positive effect on audit delay and transparency of distribution of rights to shareholders weakens this positive effect. Auditors need additional audit resources to ensure whether financial reporting is the result of creative accounting actions. Transparency of distribution of rights to shareholders weakens this positive effect because it encourages shareholders to be involved in monitoring their interests in profit rights and net asset rights. The originality of this study is testing the moderating role of transparency of distribution of rights to shareholders in the effect of creative accounting on audit delay.

## INTRODUCTION

Audit delay is a consistently compelling topic in accounting and auditing research due to the crucial role of financial statement audits in a country's capital market system. Stakeholders eagerly await the release of audited financial statements as input for fundamental analysis of company performance. Audit delays can also delay decision-making for stakeholders. Numerous studies have provided evidence on the determinants of audit delay, both due to client company factors and Public Accounting Firm (PAF) factors. Client-based factors include company size, financial health, including profitability, leverage, and financial distress, company age, industry

type, operational complexity, management team professionalism, and internal control systems (Li et al., 2025; Meizary et al., 2023; Nurrohimah & Muniroh, 2023). Audit firm factors include firm reputation, audit tenure, audit opinion, and auditor turnover (Winata et al., 2023). Financial statements are the object of audits; their preparation is based on Financial Accounting Standards (FAS). The independent auditor's task is to provide an opinion on the fairness of the financial statements and their conformity with SAK. Changes in the substance of the contents of SAK impact the substance of the financial statements, and ultimately impact the audit completion time (Zhou et al., 2024), because auditors require additional audit procedures to minimize the risk of these changes (Ding, 2019). One fundamental change in the substance of the contents of SAK is the shift in the theoretical basis used in the preparation of consolidated financial statements, namely from parent theory to entity theory. The impact of this change is that Non-Controlling Interests are recognized as owners, presented in equity and entitled to equity attributable to owners. Not only that, Non-Controlling Interests are also presented in the statement of profit or loss and other comprehensive income, and are entitled to net income and other comprehensive income attributable to owners (Sotti, 2018). This policy, besides being more in line with the concept of owner understanding, is also an effort by SAK to improve the quality of financial reporting and minimize agency problems (drivers of creative accounting), through transparency in the distribution of rights to profits and equity between principals and agents (type 1 conflict) and between principals and principals (type 2 conflict) (Yan & He, 2018). Agency conflicts encourage creative accounting, and creative accounting leads to longer audit completion times (Astuti & Kutandi, 2022; Isaeni & Nurcahya, 2021). The existence of SAK policies on transparency in the distribution of rights to profits and equity between principals and agents (type 1 conflict) and between principals and principals (type 2 conflict) can minimize agency conflicts. However, empirical evidence has so far been scarce from researchers regarding whether transparency in the distribution of rights between principals and agents and principals can weaken the positive effect of creative accounting on audit delay.

The originality of this research is to examine the moderating role of transparency in the allocation of owner rights in financial statements on the effect of creative accounting on audit delay. The urgency of this test is to provide empirical

This is an open access article under [CC-BY-SA](#) license.



evidence on whether this transparency regulation: 1) helps auditors obtain adequate information regarding the fairness of the distribution of each owner's rights in the company, whether or not it is in accordance with the allocation of rights to profits and rights to net assets, thus allegedly accelerating audit completion times. 2) Assisting auditors in obtaining adequate information regarding the fairness of the presentation of financial statement items, especially items vulnerable to creative accounting actions whose values are subject to management interests. The policy of transparency in the allocation of owner rights in the financial statements helps clarify the principal's understanding of the distribution of profits and equity, so that if management commits fraud in the presentation of profits and equity, it will be easily detected by the principal. This check-balance will improve the quality of financial statements and minimize audit risk, thus expected to accelerate the audit completion time.

The benefit of this research for academics is the literature on the evidence of the moderating role of the transparency policy of the allocation of owner rights in financial statements in the influence of creative accounting on audit delay. The benefit of this research for practitioners, especially auditors, is information that the transparency policy of the allocation of owner rights in financial statements can minimize agency conflicts that impact audit risk and audit completion time. The benefit of this research for regulators, especially DSAK IAI, is that the policy of presenting attributable profit and equity can minimize agency conflicts, increase information transparency to users, improve the quality of financial statements, thereby minimizing audit risk and accelerating audit completion time.

## LITERATURE REVIEW

Companies with significant public ownership are managed separately from their owners. The company's operations are managed by management (agents), who are appointed and paid by the shareholders, who act as the company's owners (principals). This separation of agent and principal gives rise to conflicts of interest due to differences in information about the company (Agency Theory by Jensen & Meckling, 1976). Management has access to more and more in-depth information than owners, because management, as professionals, carries out the company's operational and strategic activities on a daily basis. If management's professional ethics are weak,

this information asymmetry can be exploited by management to maximize its own interests at the expense of the interests of owners and other stakeholders. Principals are interested in optimizing dividends as a proxy for the principal's welfare flow, while agents are interested in optimizing salaries and bonuses as a proxy for the agent's welfare flow. Principal-agent interests can conflict and can affect the quality of financial reporting. Management's efforts to maximize its interests at the expense of other stakeholders manifest in creative accounting practices in the form of earnings management (Dechow et al., 1995). Earnings management reflects the creativity of accounting policies chosen by management in financial reporting that generate earnings values that align with its interests. This earnings management action can mislead stakeholders in decision-making, because the earnings reported in the consolidated financial statements do not fully represent the actual conditions.

Creative accounting practices through earnings management reduce the relevance of accounting information in consolidated financial statements. In line with Triangle Fraud Theory (Cressey, 1953), in this context, agents engage in creative accounting through earnings management driven by the incentive to maximize their own interests (stimulus). The principal-agent separation leads to information asymmetry and opens up opportunities for fraud by management (opportunity) as a justification for earnings management due to their services in managing the company (rationalization).

The agency problem, which manifests as principal-agent conflict, which can potentially bias and mislead financial statements, can be minimized through the role of independent, professional, and integrity-driven external auditors in assessing the fairness of consolidated financial statements. Auditors, in carrying out their professional practice, use audit procedures in accordance with applicable auditing standards to assess the fairness of financial reporting. Auditors require additional audit procedures to gather audit evidence of management's creative accounting practices through earnings management. To minimize audit risk, auditors increase audit resources to uncover earnings management practices that are subtle, difficult to detect, and do not arouse suspicion, through manipulation of financial transactions and accounting policies. Various studies have provided evidence that creative



accounting practices through earnings management increase audit completion times (Astuti & Kutandi, 2022; Isnaeni & Nurcahya, 2021). Creative accounting practices, such as earnings smoothing, also increase audit completion times. This is due to the higher audit risk in financial statements with a high level of earnings smoothing (Kusuma, 2023). This negative relationship is exacerbated by auditors who are not industry specialists, relatively small accounting firm sizes, and relatively young auditor experience (Bryan & Mason, 2020). Ownership of unrealized earnings also affects creative accounting (Kusumaningarti et al., 2025), especially in the fair value hierarchy level 3 category (Kusuma et al., 2025), due to its high subjectivity (Kusuma et al., 2021), its sensitivity to external factors (Kusuma & Saputra, 2022), despite market reactions (Kusuma & Kusumaningarti, 2023), and its high predictive power (Kusuma, 2021a) and confirmation (Kusuma, 2021b).

Creative accounting practices are more common in companies with high family ownership dominance. Companies with a large proportion of family shareholding and greater family representation on the board of commissioners have been shown to be more prone to audit delays (Astami et al., 2024). Creative accounting, in the form of earnings management, has been shown to significantly impact audit delays and audit quality (Alzoubi, 2018). Indications of a company engaging in earnings management are demonstrated by pressure from management on auditors to accelerate audit reporting times (Paredes & Wheatley, 2021). However, interventions to accelerate audit reporting times can reduce audit quality (Lambert et al., 2017). Therefore, the following hypothesis is proposed in this study:

### **H1. Creative accounting has a positive effect on audit delays.**

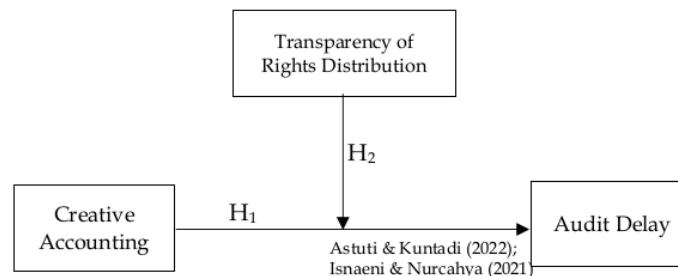
The number of subsidiaries and associated entities reflects the complexity of a company's operations and business scale (Kusuma & Agustin, 2024). Operational complexity has a positive effect on audit delay (Putra et al., 2023), audit report lag (Agustin & Kusuma, 2024), and audit fees (Kusuma & Luayyi, 2024). This is because auditors must perform more and more intensive audit procedures related to assessing the fairness of the quantity and quality of transactions between the parent, subsidiaries, and associates, resulting in longer audit completion times, potentially leading to audit report lag and increasing audit costs. The large number of subsidiaries

and associates reflects the company's multi-party ownership. Therefore, the preparation of consolidated financial statements requires transparency in the distribution of shareholders' rights, both rights to profits, which represent performance, and rights to equity, which represent the shareholders' net worth in the company. Transparency in the distribution of rights to profits is manifested in the presentation of net income attributable to owners in the consolidated income statement. Transparency in the distribution of rights to net assets is manifested in the presentation of equity attributable to owners in the consolidated statement of financial position. This policy on the distribution of rights to profits and equity makes consolidated financial statements more transparent, thereby minimizing agency conflicts (Kusuma & Athori, 2023), the potential for earnings management (Kusuma et al., 2022), income smoothing (Kusuma, 2023), fraudulent financial reporting, and tax avoidance (Kusuma & Rahayu, 2022), which ultimately assists auditors in completing their audit assignments. Therefore, it is suspected that a policy on the transparency of the distribution of rights to profits and equity may weaken the positive effect of creative accounting practices in the presentation of consolidated financial statements on audit completion time.

## **H2. Transparency in the distribution of rights weakens the positive effect of creative accounting on audit delay.**

Based on the justification of the hypothesis above, the conceptual framework in this study is as follows:

**Figure 1. Conceptual Framework of the Research**



## METHODS

This research employs a quantitative paradigm. Secondary data was obtained from the financial reports of companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period, with a population of 917 companies. Purposive sampling was used to select 543 companies and obtained  $n = 2,641$  observational data, as follows:

**Table 1. Sample Selection Criteria**

Criteria	Quantity
Population of companies listed on the IDX 2020-2024	917
Reduced:	
Listed after 2020	-201
Financial reports are irregular	-116
Incomplete disclosure of rights allocation transparency	-57
Sample	543
Sample x Period	2.715
Outlier data	-74
Observation data	2.641

*Source: Investment Gallery, Universitas Islam Kadiri, 2025.*

The variables in this study are audit delay (independent), creative accounting (independent), transparency in rights allocation (moderation), company size, and audit tenure (control). The variables are measured as follows:



**Table 2. Variable Measurement**

Variable	Variable Definition	Notation	Measurement
Dependent Variable			
Audit Delay	The number of days from the closing date of the financial statements to the date the audit report is signed.	$AD_{i,t}$	$\sum \text{hari tutup buku s.d penerbitan hasil audit}$
Independent Variable			
Creative Accounting	The act of creating accounting treatments through loopholes in accounting policies or standards	$CA_{i,t}$	Diskresioner Akrua (Modifikasi Jones Model) : $Decow F Score_{i,t}$
Moderation			
Profit Rights Transparency	Transparent presentation of profit rights to majority and minority shareholders in the income statement	$TRAN_{i,t}$	$\frac{\text{Laba diatribusikan ke majority shareholders}_{i,t}}{\text{Laba diatribusikan ke minority shareholders}_{i,t}}$
Control			
Company Size	The size of the client company based on total assets	$SIZE_{i,t}$	$Log N Total Assets_{i,t}$
Audit Tenure	The number of years the accounting firm has served as the client company's auditor	$TENU_{i,t}$	$\sum \text{Tahun KAP bertugas sebagai auditor perusahaan klien}$

Hypothesis testing was carried out using Moderated Regression Analysis, by building a model before moderation as follows:

$$AD_{i,t} = \alpha_0 + \beta_1 CA_{i,t} + \beta_2 SIZE_{i,t} + \beta_3 TENU_{i,t} + \varepsilon_{i,t} \quad (1)$$

Model after moderation :

$$AD_{i,t} = \alpha_0 + \beta_1 CA_{i,t} + \beta_2 TRAN_{i,t} + \beta_3 (CA * TRAN)_{i,t} + \beta_4 SIZE_{i,t} + \beta_5 TENU_{i,t} + \varepsilon_{i,t} \quad (2)$$

Hypothesis testing using Moderated Regression Analysis. Hypothesis 1, which states that creative accounting has a positive effect on audit delay, is accepted if the coefficient  $\beta_1 CA_{i,t}$  in Model 1 is positive with a  $\text{sig.t} \leq 5\%$ . Hypothesis 2, which states that transparency in the distribution of rights weakens the positive effect of creative accounting on audit delay, is accepted if the coefficient  $\beta_1 CA_{i,t}$  in Model 2 is greater than the coefficient  $\beta_1 CA_{i,t}$  in Model 1 and is significant at the 5% level.

### Robustness Model

This test is conducted to determine the robustness of the model or the consistency of the hypothesis testing results when the variable measurements are different, namely: 1) changing the measurement of the creative accounting variable from earnings management (discretionary accrual modification of the Jones Model) to income smoothing (Excel Index), denoted by IS (Income Smoothing), and 2) measuring

the transparency variable of rights to profits (performance) to rights to net assets (ownership rights to equity), as measured by the ratio of equity attributable to majority shareholders to equity attributable to minority or non-controlling interests (NCI), denoted by EQ (Equity).

$$AD_{i,t} = \alpha_0 + \beta_1 IS_{i,t} + \beta_2 SIZE_{i,t} + \beta_3 TENU_{i,t} + \varepsilon_{i,t} \quad (3)$$

$$AD_{i,t} = \alpha_0 + \beta_1 IS_{i,t} + \beta_2 EQ_{i,t} + \beta_3 (IS * EQ)_{i,t} + \beta_4 SIZE_{i,t} + \beta_5 TENU_{i,t} + \varepsilon_{i,t} \quad (4) \setminus$$

### Additional Test

Additional testing was conducted by disaggregating the research data into the periods during the COVID-19 pandemic (2020–2021) and after (2022–2024). The aim was to determine whether the COVID-19 and post-COVID-19 periods affected the model's ability to explain the influence of creative accounting practices on audit delay, with the moderating role of transparency regarding the allocation of rights to shareholders.

### RESULTS AND DISCUSSION

Table 3 presents the results of descriptive statistics and correlation analysis. The average audit report issuance date was 88 days from the financial statement closing date of December 31. The mean for creative accounting practices, using discretionary accruals as a proxy, was 0.241. The mean for the ratio of profit attributable to the majority to the minority, was 4.604. The average external auditor had served with their client company for 2.38 years. Panel B shows that the higher the creative accounting proxy score, the longer the audit report was issued, as indicated by the positive Pearson correlation coefficient of 0.514\*\*. The more transparent the presentation of profit rights to majority and minority shareholders in the income statement, the faster the audit report issuance time, as indicated by the negative correlation coefficient of -0.523\*\* between TRANS and AD.

**Table 3. Results of Descriptive Statistics and Correlation Analysis**

Variable	n	Mean	Min	Max	SD
Panel A. Descriptive statistical results					
AD	2.641	88	76	381	30.53
CA	2.641	0.241	0.016	0.307	7.425
TRAN	2.641	4.604	-0.014	6.514	1.632
SIZE	2.641	6.407	2.883	16.711	0.814
TENUR	2.641	2.382	1	6	2.405
Panel B. Results of correlation analysis					
Variable	AD	CA	TRAN	SIZE	TENUR
AD	1				
CA	0.514**	1			
TRAN	-0.523**	0.405**	1		
SIZE	0.414**	0.571**	-0.004	1	
TENUR	-0.426**	-0.172*	0.015	0.615***	1
Note:					
Correlation coefficients are 1% (***), 5% (**), and 10% (*).					
Source: Data processed by researchers, 2025.					

The results of hypothesis testing using MRA are shown in the following table. Hypothesis testing using moderated regression analysis indicates that Hypothesis 1, stating that creative accounting has a positive effect on audit delay, is accepted if the  $\beta_{1CAi,t}$  coefficient in Model 1 is positive at 0.054 (15.918)\*\* with a significant t-value of  $\leq 5\%$ . Hypothesis 2, stating that transparency in the distribution of rights weakens the positive effect of creative accounting on audit delay, is accepted if the  $\beta_{1CAi,t}$  coefficient in Model 2 is lower by 0.027 (10.553)\* than the  $\beta_{1CAi,t}$  coefficient in Model 1, which is 0.054 (15.918)\*\* and is significant at the 5% level, or if the coefficient value has decreased (weakened).

**Table 4. Results of Hypothesis Testing Using MRA**

Variable	Model 1	Model 2
Constant	0.043 (11.708)*	0.051 (14.624)*
CA	0.054 (15.918)**	0.027 (10.553)*
TRAN	-	-0.058 (14.464)**
CA*TRAN	-	0.019 (8.537)*
SIZE	0.0481 (9.012)**	0.0467 (8.268)**
TENU	-0.0312 (5.923)*	-0.0291 (12.179)*
F - Statistics	81.041 (14.143)***	11.2149***
Adjusted R <sup>2</sup>	0.3256	0.4811
Model :		
$AD = \alpha + \beta CA + \beta SIZE + \beta TENU + \varepsilon$ (1)		
$AD = \alpha + \beta CA + \beta TRAN + \beta CA*TRAN + \beta SIZE + \beta TENU + \varepsilon$ (2)		
Note: Regression coefficients 1% (***), 5% (**), 10% (*).		
Source: Data processed by researchers, 2025.		

**Robustness Test**

Based on table 5, the model robustness test shows consistency results with the hypothesis testing results even though the variable measurements are different, where the measurement of creative accounting variables from earnings management (discretionary accrual modification of the Jones Model) is replaced with income smoothing (Excel Index) denoted by IS (Income Smoothing), and 2) measurement of the transparency variable of rights to profits (performance) to rights to net assets (ownership rights to equity) which was previously measured by the ratio of attributable profits is replaced with equity attributed to the majority of shareholders to equity attributed to minorities or non-controlling interests (NCI) denoted by EQ (Equity). Creative accounting with income smoothing proxy has a positive effect on audit delay of 0.054 (11.213)\*\* and transparency of attribution equity weakens the positive effect of income smoothing on audit delay of 0.027 (14.177)\*.

Table 5. Model Robustness Test Result

Variable	Model 3	Model 4
Constant	0.043 (8.112)*	0.051 (8.614)*
IS	0.054 (11.213)**	0.027 (14.177)*
TRAN	-	-0.058 (10.819)**
IS*TRAN	-	0.019 (6.922)*
SIZE	0.0481 (14.153)**	0.0467 (11.110)**
TENU	-0.0312 (7.416)*	-0.0291 (7.311)*
F - Statistics	81.041 (12.185)***	11.2149***
Adjusted R <sup>2</sup>	0.3256	0.4811
Model :		
$AD = \alpha + \beta_1 IS + \beta_2 SIZE + \beta_3 TENU + \varepsilon$ (3)		
$AD = \alpha + \beta_1 IS + \beta_2 TRAN + \beta_3 IS*TRAN + \beta_4 SIZE + \beta_5 TENU + \varepsilon$ (4)		
Note: Regression coefficients 1% (***), 5% (**), 10% (*).		
Source: Data processed by researchers, 2025.		

### Additional Test

Additional testing was conducted by disaggregating the research data between the COVID-19 period (2020–2021) and the post-COVID period (2022–2024). The results of the additional test indicate that during the COVID-19 period, the coefficient of the positive effect of creative accounting on audit delay was greater (0.068 (15.774)\*\*\*) than in the post-COVID period (0.054 (12.368)\*\*). The ability of transparency of information on the allocation of rights to shareholders to weaken the positive effect of creative accounting on audit delay was greater (0.026 (8.654)\*) than in the post-COVID period (0.020 (8.114)\*)

Table 6. Additional Test Results

Variable	Covid-19		Post Covid-19	
	Model 1	Model 2	Model 1	Model 2
Constant	0.044 (11.590)*	0.051 (14.62)*	0.046 (11.75)*	0.051 (14.628)*
CA	0.068 (15.774)***	0.027 (10.872)*	0.054 (12.368)**	0.026 (10.390)*
TRAN	-	-0.057 (14.224)**	-	-0.048 (14.687)**
CA*TRAN	-	0.026 (8.654)*	-	0.020 (8.114)*
SIZE	0.046 (9.011)**	0.043 (8.283)**	0.048 (9.019)**	0.04 (8.241)**
TENU	-0.034 (5.723)*	-0.024 (12.159)*	-0.030 (5.126)*	-0.02 (12.125)*
F - Statistics	8.874***	11.602***	8.747***	11.634***
Adjusted R <sup>2</sup>	0.385	0.471	0.340	0.475
Model :				
$AD = \alpha + \beta CA + \beta SIZE + \beta TENU + \varepsilon$ (1)				
$AD = \alpha + \beta CA + \beta TRAN + \beta CA*TRAN + \beta SIZE + \beta TENU + \varepsilon$ (2)				
Note: Regression coefficients 1% (***), 5% (**), 10% (*).				
Source: Data processed by researchers, 2025.				

### The Impact of Creative Accounting on Audit Delay

Creative accounting delays audit completion times. The presence of creative accounting in financial reporting forces auditors to work extra hard and be extra careful in assessing the fairness of financial statement items, as auditors must gather sufficient audit evidence to conclude whether an item is the result of creative accounting practices. Auditors will always strive to minimize audit risk, especially in financial statements resulting from creative accounting, because the auditor's professionalism, integrity, and reputation are at stake in issuing a fairness opinion. Auditors, with their expertise and instincts, have the ability to detect irregularities in accounting transactions. Therefore, they ensure their skepticism by performing audit procedures to provide confidence in assessing whether the item is presented fairly or inadequately. To achieve this, auditors naturally require significant audit resources, including personnel, time, and other sacrifices. Auditors will strive to minimize audit risk for an item to maintain their professional reputation and credibility. Auditors with integrity stand independently amidst various stakeholder interests, especially if the auditor suspects creative accounting in the financial reports they handle. Auditors, with their knowledge and experience, will recognize that an accounting cycle,



transaction treatment, recognition, valuation, and presentation of accounting items are derived from creative accounting practices. However, this is not merely based on instinct; auditors must confirm whether their suspicions are valid. Therefore, additional audit procedures are required to verify their suspicions. These additional procedures can contribute to audit delays. These findings align with research (Astuti & Kutandi, 2022; Isnaeni & Nurcahya, 2021) that found earnings management practices can contribute to delays in the completion of financial statement audits.

***Moderation of Transparency in the Allocation of Ownership Rights in the Effect of Creative Accounting on Audit Delay.***

A policy of transparency in the allocation of ownership rights in the presentation of financial statements accelerates audit completion times by preventing management from engaging in creative accounting and/or minimizing the impact of creative accounting results that delay audit completion times. A policy of transparency in the allocation of ownership rights in financial statements can minimize management's efforts to engage in creative accounting. This transparency in the allocation of ownership rights in financial statements makes the presentation of profit and equity information clearer, making creative accounting efforts more easily detected by other stakeholders, both majority and minority principals. A policy of transparency in the allocation of ownership rights serves to minimize agency conflicts. Information for principals becomes more transparent, not only to majority principals but also to minority principals. This policy of transparency in the allocation of ownership rights minimizes management's use of creative accounting solely for the sake of optimizing their own interests, as it is more easily detected by principals. This check-balance will improve the quality of financial statements, and audit risk can be minimized because it is prevented through a transparency policy, allowing auditors to complete financial statement audits more quickly.

In line with the hexagon fraud theory, management engages in creative accounting because they are stimulated by financial performance targets. Management inflates profits above or below their expected levels by exploiting loopholes in accounting standards and policies to encourage investors to purchase shares, lenders to grant loans, obtain salary increases or promotions, pay lower corporate taxes, and

various other incentives. Furthermore, from the perspective of internal accountants, in line with the fraud dimension of capability, internal accountants engage in creative accounting because they possess in-depth accounting skills, ultimately understanding the deficiencies of accounting standards, understanding how to treat economic transactions with accounting treatment that benefits their interests, and producing item valuations that appear to be fair and reasonable at first glance. This includes pressure from top management or commissioners who favor or represent the interests of majority shareholders, ignoring or ignoring the interests of non-controlling shareholders. However, transparency in the presentation of rights can minimize such actions, as transparency through the presentation of attributable profit in the income statement and the presentation of equity in the statement of financial position will facilitate independent auditors in detecting creative accounting. Transparent presentation of the distribution of profit and equity rights to shareholders with controlling interests in the parent entity and minority shareholders in subsidiaries without controlling interests weakens the influence of creative accounting on audit completion time. This is in line with research findings (Kusuma & Luayyi, 2024) that the policy of attributable profit and equity items, although increasing audit costs, significantly assists auditors in obtaining information on the distribution of profit and net assets to all types of owners, thereby accelerating audit tasks.

## 7 CONCLUSION

The purpose of this study is to provide evidence on whether: 1) creative accounting practices have a positive effect on audit delay, and 2) whether transparency in the distribution of rights to shareholders weakens the positive effect of creative accounting on audit delay. The results are consistent with Hypothesis 1, which states that creative accounting practices have a positive effect on audit delay. Auditors require additional audit resources to determine whether items contained in financial reporting are the result of creative accounting practices that produce fair or unfair presentations. Auditors are careful to minimize audit risk, especially if their skeptical instincts perceive certain items as the result of creative accounting that impact the quality of financial reporting information. This assurance requires time and effort, thus contributing to audit delay.

9  
14  
15  
13  
5  
4  
The results are consistent with Hypothesis 2, which states that transparency in the distribution of rights to shareholders weakens the positive effect of creative accounting on audit delay. This is in line with agency theory, where the demand for transparency as a form of governance principles restricts management's ability to engage in creative accounting practices in order to maximize its interests as an agent, sacrificing the interests of majority and minority shareholders as principals. Transparency in the distribution of rights to shareholders, as proxied by transparent performance information and net asset rights, serves as a form of principal oversight and facilitates principals' understanding of the sources, allocations, and predictions of future returns. This can reduce the tendency for agents to engage in creative accounting practices that delay audit completion times. The results of this study support the Indonesian Financial Accounting Standards (IFAS) policy of presenting attributable profit and equity in financial reporting. Although this results in more consolidated financial reporting, thus increasing audit costs and audit report completion time, it does increase the relevance of profit and equity values for all shareholders, especially non-controlling interests as minority shareholders in subsidiaries.

A limitation of this study is the lack of a variable measuring the company's financial health, measured by financial distress, in linking transparency of rights allocation, creative accounting, and audit delay levels. The question is whether companies experiencing financial difficulties have a stronger coefficient of creative accounting influence on audit delay, and whether transparency of rights allocation remains a moderator. Further research is strongly recommended to test this. Auditors are advised to pay attention to the transparency of owner rights allocation policies in financial statements to minimize agency conflicts that impact audit risk and audit completion time. Suggestions for investors to understand that the delay in the publication of financial reports is because auditors need more time to carefully assess fairness, especially in companies with a large number of subsidiaries and associates, thus affecting audit procedures to assess the fairness of profit items and attributable equity.

## BIBLIOGRAPHY

- Agustin, B. H., & Kusuma, M. (2024). Pengaruh Penghasilan Komprehensif Lain & Laba yang Diatribusikan Terhadap Audit Report Lag. *Jurnal Proaksi*, 10(4), 739–752. <https://doi.org/10.32534/jpk.v11i4.6323>
- Alzoubi, E. (2018). Audit Quality, Debt Financing, and Earnings Management: Evidence from Jordan. *Journal of International Accounting, Auditing and Taxation*, 30, 69–84. <https://doi.org/10.1016/j.intaccaudtax.2017.12.001>
- Astami, E., Pramono, A., Rusmin, R., Cahaya, F., & Soobaroyen, T. (2024). Do Family Ownership and Supervisory Board Characteristics Influence Audit Report Lag? A View From A Two-Tier Board Context. *Journal of International Accounting, Auditing and Taxation*, 56(100638). <https://doi.org/10.1016/j.intaccaudtax.2024.100638>
- Astuti, I. P., & Kutandi, C. (2022). Literatur Review: The Effect of Earnings Management, Company Size, and Audit Opinion on Audit Delay. ... Research and Critics Institute-Journal (BIRCI ...), 5(4), 29529–29539. <https://doi.org/10.33258/birci.v5i4.7106>
- Bryan, D. ., & Mason, T. . (2020). Earnings Volatility and Audit Report Lag. *Advances in Accounting*, 51(100496), 1–9. <https://doi.org/10.1016/j.adiac.2020.100496>
- Cressey, D. R. (1953). Other people's money: A study in the social psychology of embezzlement. *The American Journal of Sociology*.
- Dechow, P. M., Sloan, R. G., & Sweeney, A. P. (1995). Detecting Earnings Management. *The Accounting Review*, 70(20), 193–225.
- Ding, Z. (2019). Other Comprehensive Income, Auditor Practice Experience and Audit Pricing. *American Journal of Industrial and Business Management*, 09(01), 233–252. <https://doi.org/10.4236/ajibm.2019.91015>
- Isnaeni, U., & Nurcahya, Y. A. (2021). Pengaruh Manajemen Laba, Kompleksitas Operasi Perusahaan, Solvabilitas, dan Opini Audit Terhadap Audit Delay Pada Perusahaan Sektor Industri Barang Konsumsi di Indonesia Untuk Tahun 2017-

2019. Jurnal Akuntansi AKUNESA, 10(1), 24–34.  
<https://doi.org/10.26740/akunesa.v10n1.p24-34>
- Jensen, M., & Meckling, W. (1976). Theory of The Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3, 305–360.  
<https://doi.org/10.1177/0018726718812602>
- Kusuma, M. (2021a). Measurement of Return on Asset (ROA) based on Comprehensive Income and its Ability to Predict Investment Returns: an Empirical Evidence on Go Public Companies in Indonesia before and during the Covid-19 Pandemic. *Ekuilibrium : Jurnal Ilmiah Bidang Ilmu Ekonomi*, 16(1), 94.  
<https://doi.org/10.24269/ekuilibrium.v16i1.3238>
- Kusuma, M. (2021b). Modification of Profitability Measures with Comprehensive Income and Reclassification of Other Comprehensive Income as A Mediation of Effects Asset Utilization on Firm Value. *Jurnal Keuangan Dan Perbankan*, 25(4), 855–879. <https://doi.org/10.26905/jkdp.v25i4.6132>
- Kusuma, M. (2023). Can the Reclassification of Others Comprehensive Income Narrow Opportunities for Creative Accounting: Earnings Management and Income Smoothing? *Jurnal Akuntansi Dan Keuangan*, 25(1).
- Kusuma, M., & Agustin, B. H. (2024). Nilai Relevansi Kepentingan Non Pengendali dalam Laporan Keuangan Konsolidasi: Bagaimana Pasar Bereaksi, dan Kemampuannya dalam Memprediksi Laba dan Dividen? *Jurnal Akuntansi Dan Governance*, 4(2). <https://medium.com/@arifwicaksanaa/pengertian-use-case-a7e576e1b6bf>
- Kusuma, M., & Athori, A. (2023). Can Income and Equity Attribution Minimize Agency Costs ? ( Effect of Attribution Policy on Earnings Management and Firm Value ). *Proceeding Medan International Conference Economics and Business (MICEB)*, 1(January), 1950–1962.  
<https://proceeding.umsu.ac.id/index.php/Miceb/index>
- Kusuma, M., Chandrarin, G., Cahyaningsih, D. S., & Lisetyati, E. (2022). Reclassification of Others Comprehensive Income, Earnings Management, and



- Earnings Quality: Evidence From Indonesia. *Asia-Pacific Management Accounting Journal*, 17(3), 205–237.  
<https://apmaj.uitm.edu.my/index.php/current/20-cv17n3/165-av17n3-8>
- Kusuma, M., & Kusumaningarti, M. (2023). Earnings Response Coefficient ( ERC ) Berbasis Laba Komprehensif dan Laba Diatribusi : Modifikasi Teori Kandungan Laba ( Ball & Brown , 1968 ). *Jurnal Ilmiah Akuntansi Manajemen*, 6(2), 141–162.  
<https://doi.org/10.35326/jiam.v6i2.4346>
- Kusuma, M., & Luayyi, S. (2024). Do others comprehensive income, profit, and equity attributable impact external audit fee? *Journal of Accounting and Investment*, 25(1), 112–136. <https://doi.org/10.18196/jai.v25i1.20470>
- Kusuma, M., Marjukah, A., & Kasim, C. M. M. (2025). The Value Relevance of Unrealised Earnings. *Jurnal Akuntansi Kontemporer (JAKO)*, 17(1), 12–25.  
<https://doi.org/10.33508/jako.v17i1.5886>
- Kusuma, M., & Rahayu, P. (2022). Can Others Comprehensive Income Be Used For Tax Avoidance? *Jurnal Akuntansi Dan Keuangan (JAK)*, 24(2), 68–79.  
<https://jurnalakuntansi.petra.ac.id/>
- Kusuma, M., & Saputra, B. M. (2022). Pengaruh Fundamental Makro Ekonomi Terhadap Penghasilan Komprehensif Lain dan Persistensi Laba Komprehensif. *Jurnal Kajian Akuntansi*, 6(1), 145–176.
- Kusuma, M., Zuhroh, D., Assih, P., & Chandrarin, G. (2021). The Effect of Net Income and Other Comprehensive Income on Future's Comprehensive Income With Attribution of Comprehensive Income as Moderating Variable. *International Journal of Financial Research*, 12(3), 205–219.
- Kusumaningarti, M., Kusuma, M., & Athori, A. (2025). Dapatkah Penghasilan Komprehensif Lainnya Digunakan Sebagai Media Tindakan Kecurangan Laporan Keuangan ? *Jurnal Akuntansi Dan Governance*, 5(2), 111–128.  
<https://doi.org/10.24853/jago.5.2.111-128>
- Lambert, T., Jones, K., Brazel, J., & Showalter, D. (2017). Audit Time Pressure and Earnings Quality: An Examination of Accelerated Filings. *Accounting*,



- Organizations and Society, 58, 50–66.  
<https://doi.org/https://doi.org/10.1016/j.aos.2017.03.003>
- Li, Y., Liu, S., & Zhou, Y. (2025). Managerial Ability, Audit Quality, and Audit Report Lag. *Advances in Accounting*, 68(100780).  
<https://doi.org/10.1016/j.adiac.2024.100780>
- Meizary, R. M., Nuraini, N., Azarine Dimitri, C., Ulfika, P., & Prasetya Nugraha, T. (2023). Neraca FAKTOR-FAKTOR YANG MEMPENGARUHI AUDIT DELAY: SYSTEMATIC LITERATURE REVIEW PERIODE 2019-2023. *Jurnal Ekonomi, Manajemen Dan Akuntansi*, 551(5), 551–560.  
<http://jurnal.kolibi.org/index.php/neraca>
- Nurrohimah, B., & Muniroh, H. (2023). Faktor-Faktor Yang Mempengaruhi Audit Delay. *Jurnal Akuntansi Dan Keuangan Kontemporer (JAKK)*, 6(1), 307–317.  
<https://doi.org/10.34005/akrual.v4i2.2456>
- Paredes, A. A. P., & Wheatley, C. (2021). Do Auditors React to Real Earnings Management? *Advances in Accounting*, 55(100565).  
<https://doi.org/https://doi.org/10.1016/j.adiac.2021.100565>
- Putra, H. N. S., Musyaffi, A. M., & Sasmi, A. A. (2023). Pengaruh Laba/Rugi, Opini Audit, dan Kompleksitas Operasi Perusahaan terhadap Audit Delay (Studi Empiris pada Perusahaan Pertambangan yang Terdaftar di Bursa Efek Indonesia Tahun 2020–2022). *Jurnal Revenue*, 4(1), 40–51.
- Sotti, F. (2018). The value relevance of consolidated and separate financial statements: Are non-controlling interests relevant? *African Journal of Business Management*, 12(11), 329–337. <https://doi.org/10.5897/ajbm2017.8335>
- Winata, T., Arasy, A., Theodorus, H., & Meiden, C. (2023). Faktor-Faktor Yang Mempengaruhi Audit Delay: Systematic LitWerature Review Periode 2015-2023. *INNOVATIVE: Journal Of Social Science Research*, 3(2), 8131–8141.  
<http://jurnal.kolibi.org/index.php/neraca/article/view/614>
- Yan, C., & He, H. (2018). Non-controlling Large Shareholders and Firm Performance in China. *Asia-Pacific Journal of Financial Studies*, 47(3), 401–425.

<https://doi.org/10.1111/ajfs.12216>

Zhou, Y., Liu, J., & Lei, D. (2024). The Effect of Financial Reporting Regimes on Audit Report Lags and Audit Fees: Evidence From Firms Cross-Listed In The USA. *Journal of Financial Reporting and Accounting*, 22(4), 917-941.  
<https://doi.org/10.1108/JFRA-09-2021-0261>

7%

SIMILARITY INDEX

PRIMARY SOURCES

1	<a href="https://ojs.unik-kediri.ac.id">ojs.unik-kediri.ac.id</a> Internet	72 words — 1%
2	<a href="https://arl.ridwaninstitute.co.id">arl.ridwaninstitute.co.id</a> Internet	44 words — 1%
3	Nur Khusniyah Indrawati, A Muhamad Jazuli, Ranila Suciati, Atmaya Fitra Alfathya. "The Serial Mediation Role of Dividend Policy and Capital Structure in Relationship Between Financial Flexibility and Financial Performance", Ekonika : Jurnal Ekonomi Universitas Kadiri, 2025 Crossref	26 words — < 1%
4	<a href="https://proceeding.umsu.ac.id">proceeding.umsu.ac.id</a> Internet	24 words — < 1%
5	<a href="https://s-ueno.sakura.ne.jp">s-ueno.sakura.ne.jp</a> Internet	24 words — < 1%
6	<a href="https://ejournal.um-sorong.ac.id">ejournal.um-sorong.ac.id</a> Internet	22 words — < 1%
7	Irwan Trinugroho, Evan Lau. "Business Innovation and Development in Emerging Economies", CRC Press, 2019 Publications	19 words — < 1%
8	<a href="https://etheses.uingusdur.ac.id">etheses.uingusdur.ac.id</a> Internet	16 words — < 1%

9	Jin Suk Heo, Soo Young Kwon, Hun-Tong Tan. "Auditors' Responses to Workload Imbalance and the Impact on Audit Quality", Contemporary Accounting Research, 2020 Crossref	14 words — < 1%
10	Moch. Wahyudi, Marhaendra Kusuma, Abdul Hadi Bin Ahamad. "Relevansi Nilai Laba Komprehensif Entitas Syariah di Indonesia dan Malaysia", Ekonika : Jurnal Ekonomi Universitas Kadiri, 2025 Crossref	13 words — < 1%
11	econjournals.com Internet	13 words — < 1%
12	Irene Muflikh Nadhiroh, Ria Hardiyati, Mia Amelia, Tri Handayani. "Mathematics and statistics related studies in Indonesia using co-authorship network analysis", International Journal of Advances in Intelligent Informatics, 2018 Crossref	12 words — < 1%
13	Bambang Bemby Soebyakto, Mukhtaruddin, Relasari, Alfianto Sinulingga. "Company characteristics and risk management disclosure: empirical study of manufacturing companies listed on the Indonesia stock exchange", Problems and Perspectives in Management, 2018 Crossref	9 words — < 1%
14	international.areaai.or.id Internet	9 words — < 1%
15	pdf.secdatabase.com Internet	8 words — < 1%
16	pdfs.semanticscholar.org Internet	8 words — < 1%

- 18 Bambang Leo Handoko, Lanang Bagas Adi Candra. 7 words — < 1%  
"The Influence of Company Size, Implementation  
of IFRS and Auditor's Opinion on Audit Delay in Banking Sector  
Companies Listed on the Indonesia Stock Exchange for the  
Period 2018-2020", Proceedings of the 9th International  
Conference on Management of e-Commerce and e-  
Government, 2022  
Crossref

---

EXCLUDE QUOTES ON  
EXCLUDE BIBLIOGRAPHY ON

EXCLUDE SOURCES OFF  
EXCLUDE MATCHES OFF