The relationship between auditor characteristics and its impact on the audit report on companies listed in the Tehran Stock Exchange

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Abstract

Timeliness is one of the most important qualitative characteristics of financial information is timely in the sense that information should be in the shortest time and to fast Considered as possible available to users. The period between the end of each fiscal year and release date of the financial statements for short business units is more, benefit from the annual financial statements of entities increases. Increasing the time interval between the end of the fiscal year and release date of the financial statements, disclosure of information likely to the benefit of users and to the detriment of others Increases. The aim of this study was to investigate the relationship between some features run-time and complete the company's accounting practices. The population of manufacturing companies listed in Tehran Stock Exchange for the period of 2014 to 2015. The results of the statistical analysis on the hypothesis that the five independent variables used in this research, including size, debt-to-equity ratio, profit Tens of, The type of audit opinion on the financial statements life of the company, Statistically significant correlation with duration of implementation and completion of the associated audit have.

Keywords: To the timeliness, Firm size, Auditor characteristics, Tehran Stock Exchange, Audit report.
1. Introduction

Respect for human rights accountability of its origin, at different levels National And businesses there. Managers in front of the thighs investments, creditors and other interested parties thereto, by providing information in a timely manner, transparent and reliable, they are in the process of applying the entity's economic resources and results of operations and decision-making ability and judgment provide a rationale for them. (Nikkhaha Azad, 2000). Rational economic decisions and efficient allocation of limited resources and scarce top of the action in the absence of information in a timely manner, valid and reliable, it is not possible.

In a statement of accounting theory, relevance and reliability as two important qualitative characteristics of financial information, financial reporting and literature have always been the most important issues of concern and emphasized professional bodies the authorities and the users of financial information. To the timeliness of this means that information should be in the shortest time and to fast considered as possible available to users. The period between the end of each fiscal year and release date of the financial statements for short business units is more, the interest and benefit of the annual financial statements of entities increases. Increasing the time interval between the end of the fiscal year and release date of the financial statements, disclosure of information likely to the benefit of users and to the detriment of others increases.

Another important quality attributes, reliability of financial information is expressed. Help make decisions and maintain the interests of investors, creditors and other interested groups, and legal requirements in many countries has caused the audit of financial statements prepared by someone independent of the planning and implementation. Despite of this benefits of the audited financial statements, is obvious, However, implementation and completion of the audit duration can be provided on the timeliness of financial information and the relevance of its results affect. Timely financial reporting is subject to many factors. These factors can audit and audit-related or related to the characteristics of the entity.

2. Factors Influencing the Timely financial reporting

Previous research conducted in the most important factors affecting financial reporting timely execution and completion of audit duration as the subtitle:

Firm size, profitability, complexity of the operation and the industry, the risk of (leverage), age, date of the end of the fiscal year, employees of client cooperation with auditors, audit time budget, internal control systems, presence or absence of internal auditing and the audit committee of the company, size of audit firm, science and technology used in the company and the In addition, an auditing firm, the type and amount of services provided to the client, environmental factors (economic conditions, interest rates, inflation, and political considerations and competition law), the auditor's expertise and personality, presence or absence of extraordinary items of the company, the type of audit opinion on the financial statements, the company on the stock exchange, the number of shareholders, presence or absence of subsidiaries and affiliates,
and so on (Ashton et al. 1989; Carslaw & Kaplan 1991; Cullinan, 2003; Givoly & Palmon 1982; and Schwartz & Soo, 1996).

In the present study, among the various factors affecting financial reporting, The following features are implemented and completed by the time the relationship between the company's accounting practices were examined:

**A: The size of the company:**

the more research Previous carried out abroad, there is a significant relationship between firm size to the timeliness of financial reporting has been verified annually. Most researchers believe that large companies than small companies, run and complete its accounting practices. Firstly because - due to the induction of internal control systems Strong In large companies, whether inadvertent or deliberate error probability is reduced and consequently the financial statements auditors can rely more on internal control system and significantly reduce the volume of content tests . Secondly large companies due to the high financial resources can more accounting staff with expertise and higher education as well as more advanced information systems are to serve to the. Also of the company with a number of the its own personnel and auditors the part of the audit work and efficient use of audit firms pay higher audit fees, audit their financial statements in a short time after the end of the fiscal year is done. Thirdly Large firms, small firms are more sensitive to it. Larger companies than smaller agencies are political costs. Large company with a large number of stakeholders who want a highly sensitive operation of the company carefully followed up. Therefore, managers of large companies tend to, time delay in the implementation and completion of accounting practices and financial reporting reduced. Because they strongly from investors, creditors, regulatory agencies and other users of its financial statements under pressure to deliver in a timely manner . Therefore, assuming there is an impression that the significant relationship between firm size and duration of implementation and completion of audit operations there. (Knechel & Payne 2001).

**B) debt-to-equity ratio:**

This is possible, companies whose debt-to-equity ratio is high, they tend to hide your level of risk. They may seek For this purpose, the annual financial statements delayed its release. On the other hand high proportion of Debt to equity, the likelihood of disability increases the company's debt and obligations. In such cases, the auditors showed less concern of the debt by the Company will be located. Therefore auditors to reduce their responsibility to the claims of possible the next, a more complete investigation and audit procedures designed to plan and implement that ensure the completeness of recorded liabilities. doing so by the auditors, in long time and delayed completion of the audit. will release financial statements (Soltani, 2002).
C) Profitability:

the profitability is considered as one of the variables affecting the duration of the implementation and completion of the audit is studied. There is a negative correlation between the profitability with a time delay in the implementation and completion of the audit of company operations imaginable. This means that companies are profitable earlier than ten losing firms, run and complete its accounting practices (Frost & Pownall, 1994).

Profit or loss could be as good or bad news about a company be considered the results of the annual performance. In the case of loss companies, corporate executives tend to have delayed publication of annual financial reports to avoid the consequences of bad news. from this Therefore, managers tend loss, auditors of the usual time lag auditing and accounting practices done with delay. Too such a loss in the case of companies, auditors audit with professional care exercised more caution and do. Especially when the probability of financial failure, bankruptcy or discontinuation of loss or fraud managers in companies exist. In contrast, profitable companies to publish a good news reluctant to publish their audited annual financial statements earlier. In this The rapid completion of the audit process and avoid delays in the completion of the audit show interest. Too Such firms profitable, so What profit margin or rate of return is higher than the industry average, by publishing this good news, the benefits of market forecasts and decisions about the company's users will benefit. The positive performance of a company's outstanding shares will be on (Frost & Pownall, 1994; Knechel & Payne, 2001).

D) audit opinion:

Time delay in the implementation and completion of the audit process as a function of the type can be considered audit opinion provided. Accordingly, as can be; The companies provided an audit opinion on the financial statements of the form is accepted, probably sooner than plainness companies that comment received, execute and complete the audit. In other words, the average delay in the implementation and completion of accepted accounting practices for companies of all comments received, less plainness of companies commented receive (Givoly & Palmon, 1982).

Commenting plainness of the bad news as intended and blunts release audited annual financial corporation. In addition, the disagreements between the auditor qualification paragraphs in the decision of each audit report Considered, Increased time delay in the implementation and completion of the audit of company operations (Givoly & Palmon, 1982).

3 - Literature

Delay in the publication of financial statements has always been a controversial subject in literature financial reporting. In this section refers to some researches related to the topic it is possible.
Courtis in the relationship between the financial reporting of companies listed four characteristics were selected and studied in New Zealand exchange contracts. Four selected features, the number of Shareholders, financial reports and audited annual number of pages and type of industry. The only type of industry has a significant relationship with the financial reporting and other three characteristics were not significantly correlated. According to the study, Courtis, companies in the energy and fuel industry, and financial intermediation had been quick financial reporting. In contrast, companies working in the field of mining and reporting services was slow. Too the time interval between the end of the fiscal year history of the sample companies with financial reporting and dissemination of financial statements of four and a half months. Of the total time financial reporting, four and a half months, three months of which was spent for the audit of financial statements (Courtis, 1976).

Frost and Pownall in a comparative study between American companies, British companies, US companies than the companies stated that the Department of English, have more financial reporting in a timely manner. The results showed that the time and date of admission listed company's financial reporting and firm size (life companies), there is a significant relationship (Frost & Pownall, 1994).

Courteau characteristics reporters at the time were known significant previous research done by comparing the results of an analysis is among the world's eight industrialized nations. Comparison of results between different countries illustrate that each of the factors related to financial reporting between countries do not have the same effect. Accordingly, they have a multinational model to study the behavior of financial reporting among various countries were deaf. In the proposed model, the factors relating to the company and country-specific factors, it was predicted. Promote the note indicated that the factors affecting the financial reporting among different countries and of different accounting systems used in cross-country differences in financial reporting of the most important factors considered (Jaggi & Tsui, 1999).

Ansah in research, the timeliness of financial reporting non-financial companies listed on the Stock Exchange Zimbabwe's annual 47 to be examined. The results of this study showed that 98% of companies have been selected as an example of the legal deadline, have presented their annual financial reports. The results showed that variables such as firm size, profitability and corporate life had a significant relationship with the financial reporting (Ansah, 2000). And Adzrin and Ahmad direction The most important reasons for the prolongation of the completion of the audit. Malaysian companies, 100 companies from companies listed on the Kuala Lumpur Stock Exchange for the period between 1996 and 2000 were deaf to choose. Eight Independent variables include firm size, industry type, company's profit or loss, extraordinary items, the type of audit opinion, the size and expertise of audit institutions, the end of the fiscal year and the ratio of debt to assets of companies. Descriptive statistics showed that the average duration of implementation and completion of audit of selected companies during the 5-year period, more than 100 days with a standard deviation of 36 days. The results of this study also showed eight independent variables defined six variables: Type of industry, profits or losses audit opinion, the auditor, the end of the fiscal year and the ratio of debt to assets, were significantly correlated.
with the dependent variable. Time performing audit procedures, with the loss, type of comment and leverage the company's relationship with the industry, had a negative relationship between the auditors and the end of its fiscal year (Adzrin & Ahmad, 2003).

Leventis et al. research in identifying causes prolonged presentation of audit reports carried out on listed companies on the Athens stock exchange. In their opinion, prolonging the time of issuance of the audit report is one of the influential factors in the development of capital markets in relation to the company. In particular, the only source of reliable information when the annual financial statements investment. The results of the test showed that prolonged Audit report with auditor size and audit fees, the number and nature paragraphs Audit Report, the presence or absence of non-Meter items Dome of the company, and the amount of ambiguity in report of auditing firm There is significant. In this study stated that in the case of large international audit firms and additional remuneration to the auditors, audit execution and completion time is reduced. Too despite the potential negative company news and information, thereby prolonging procedures in the audit (Leventis et al., 2005).

Kam and Cheuk (2005) to identify the effect of changes in staff responsibilities Audit firm and the audit firm Responsible for carrying out the audit on the audit report, the number 369 Australian companies for fiscal year 2001 was chosen as an example. The results showed that the change in the roles and responsibilities of staff and assigning an auditing firm to audit the size of a CPA firm, due to the importance of the audit report is issued. However, assigning responsibility for accounting practices to a larger audit firm, has a significant correlation with duration of implementation and accounting practices is completed (Kam & Cheuk, 2005).

Piot the reasons for prolonging the time of issuance of the audit report of listed companies on the Stock Exchange, the number 290 French to recognize the Companies (excluding investment companies) French Stock Exchange listed companies for the period 1999 to 2001 were chosen as samples. The results showed that, since the issuance of the auditor's report and risk figures on financial statements (profit and loss) dependency is trivial color. Also, there is good and bad news and information about the companies associated with the financial reporting there is significant. also, operations audited by the large audit firms, the audit report on the effectiveness of the processing time consuming (Soltani, 2002).

Haslin to identify the reasons for prolonging performing audit procedures and financial reporting, the number of 265 companies listed on the Malaysian Stock Exchange for the fiscal year 2004 was chosen for the study. The results of descriptive statistics showed that the average duration of completed audit reports in the studied companies was 96 days, which is less than four-month legal deadline specified in the rules of Bursa Malaysia. Or about 96.98% of the total number of 257 companies selected companies, legal rules and their financial statements within the prescribed period have offered to exchange. Only 8 companies (3.02% of all companies surveyed) Financial statements presented have left their deadline (Haslin, 2006).
Dogan et al. on the timeliness of financial reporting, your sample of listed companies on the Stock Exchange chose international. The aim of this study was to investigate the relationship between independent variables: good and bad news (profit or loss) on the company, financial risk, size and type Industry Co. Time is the timeliness of financial reporting. The results showed the timeliness of financial reporting time, affected the company's profitability. Companies with good news (rate of return on investment, or Return on equity above) have been earlier than the companies with bad news, not published its financial statements have mass. The results Too It showed that firm size, high financial risk, policy and Time The timely reporting of past years, the active participation of the masses that are timely financial reporting (Dogan et al., 2007).

Kashanipoor et al. (2006) conducted a study entitled analysis of the relationship between the items and the time required to audit their financial statements. For this purpose, 50 companies out of 638 companies audited by auditing organization in the year 1997 until the 2004, The sample was selected randomly as. Test there was a correlation between time spent on auditing financial statement items expressed . The amount of correlation varied depending on the type of variable accounting. Variable such as "current assets" and "current liabilities" in the course of the study correlated with the dependent variable (Kashanipoor et al., 2006).

4 - Research Methodology

4 -1 population

The statistical society includes companies listed on the Tehran Stock Exchange. Among all companies that qualify under the companies were members of the population, were investigated:

A) companies with at least the beginning of 1998 are listed in the Tehran Stock Exchange.

B) firms that they audited annual financial statements for the period to be carried out by audit firms approved by the stock exchange.

C) companies with the information needed for the study variables in the calculation of the periods in which reliable information is available.

15 2 companies were qualified. The required data directly from the annual financial statements and financial reports presented study by the Tehran stock exchange, database exchange, software Dena share, cash management and financial information has been extracted CD.

4-2 - model and calculate variables

The dependent variable in this study, the duration of the implementation and completion of the audit of company operations and five independent variable of this research includes company
size (total assets), debt-to-equity ratio, profit or loss of the company, the type of audit opinion on the financial statements life of the company are.

According to research aims to check the hypotheses, multiple regression model used is as follows:

\[ y = \alpha + \beta_1 \text{ASSETS} + \beta_2 \frac{D}{E} \text{RATIO} + \beta_3 \text{PROFIT} + \beta_4 \text{OPINION} + \beta_5 \text{LIFE} + \varepsilon \]

That:

Y : Time running and completion of the audit (updated)

\( \alpha \): Width of origin

Assets : natural logarithm of average total assets

D / E Ratio : The average debt-to-equity ratio

Profit : profit or loss of the company (net income or loss after taxes)

Opinion : the type of audit opinion on the financial statements

Life : Life Corporation ) according to the acceptance date listed company ( 

\( \varepsilon \): the random error

\( \beta_1, \beta_2, \beta_3, \beta_4, \beta_5 \) are Coefficient of variable combinations of independent. Coefficient of patient variables in fact independent third dummy variable (virtual) in such a way that \( \beta_3 = 1 \), (If the company is profitable) and \( \beta_3 = 0 \) (If the company is loss) is determined. Coefficient of independent variables fourth (type of audit opinion on the financial statements) as well so that if \( \beta_4 = 1 \) (If the proposed audit opinion on the financial statements of the company are acceptable) and \( \beta_4 = 0 \) (If the type of audit opinion on the financial statements of the company is plainness) designated.

4 - 3- hypothesis testing and analysis of results

A) The first hypothesis analysis

The first hypothesis was formulated as follows:
"Between firm size and duration of implementation and completion of the audit of company operations, significant relationship statistically there."

According to Table (1), Pearson’s correlation coefficient between total assets and the duration of the audit log to 0/184 and a significant amount of risk related to its investigation \( H_0 : \rho = 0 \) 0.026 to 0.05 which is smaller. Thus, 95 percent approved correlation is significant. The probability associated \( T \) to evaluate the statistical null hypothesis that there is no relationship between independent variables and the dependent variable \( H_0 : \beta_1 = 0 \) 0.037 to 0.05 which is smaller than 95%, therefore, a significant correlation was observed between the two variables. Thus, a research hypothesis is confirmed.

The assumption is made comparing the results of previous research, including research Frost and Pownall(1994), Ansah(2000), Haslin(2006) and Dogan et al (2007). of the relationship between size and duration of the execution and completion of the audit process is similar. But the relationship between firm size and time operations audit conducted previous research has been reversed in the event that this direct relationship is expressed in this research.

B) The second hypothesis analysis

The secondly hypothesis was formulated as follows:

"Among the company's debt-to-equity ratio and duration of implementation and completion of the audit significant relationship statistically there."

According to Table (1), Pearson's correlation coefficient between independent variables debt-to-equity ratio and duration of implementation and completion of the audit is to 0.191 and the result is a significant probability that \( H_0 : \rho = 0 \) is equal to 0.022. Therefore, a significant correlation with 0.95 reliability is confirmed.

The probability associated \( T \) to evaluate the statistical null hypothesis that there is no relationship between independent variables and the dependent variable \( H_0 : \beta_2 = 0 \) 0.028 against that. So, with 95% positive correlation between the two variables was observed. Thus, the research hypothesis is confirmed.

The results of this hypothesis with research by Adzrin and Ahmad(2003), Haslin(2006), Dogan et al.(2007) conducted.

C) The results of the third hypothesis

"Companies profitable than companies run their accounting practices and complete loss."
As in Table 1 can be seen, Pearson's correlation coefficient between independent variables and the time delay for the profit or loss is 0.186 is likely the result of a significant amount of ($H_0 : \rho = 0$) is equal to 0.025. Therefore, a significant correlation with 0.95 reliability is confirmed.

The probability associated ($T$) to evaluate the statistical null hypothesis that there is no relationship between independent variables and the dependent variable ($H_0 : \beta_z = 0$) is equal to 0.023. So, with 95% positive correlation between the two variables can be seen. The average time of implementation and completion of audit firms and companies profit loss against 95.7 days tenfold 89.6 days, so the hypothesis third was confirmed.


D) The results of the fourth hypothesis

"The companies provided on them to form an audit opinion is unqualified earlier plainness of companies that comment received, run and complete the audit ".

Pearson's correlation coefficient between independent variables and the time delay before the audit is 0.207 and the result is a significant probability that ($H_0 : \rho = 0$) is equal to 0.013. So, with 0.95 confidence and significant correlation is confirmed.

The probability associated ($T$) to evaluate the statistical null hypothesis that there is no relationship between independent variables and the dependent variable ($H_0 : \beta_4 = 0$) is equal to 0.025. Thus, with 95% positive correlation between the two variables can be seen. The average time of implementation and completion of the audit of the comments ill-suited to the 90.5 day commenting acceptable to the 83.8 days, so the hypothesis fourth is confirmed.

This assumption results is similar to the results Ansah(2000), Haslin(2006), Dogan et al.(2007), Adzrin and Ahmad (2003), Leventis et al.(2005).

E) The results of the fifth hypothesis

"Among the company's life (the date of acceptance of the exchange) and time of implementation and completion of the audit. There is a significant relationship."

Pearson's correlation coefficient between independent variables and duration of implementation and completion of the audit firm's life is equal to 0.243; and the result is a significant probability that ($H_0 : \rho = 0$) is equal to 0.003. Therefore, a significant correlation with 0.95 reliability is confirmed.
The probability associated (T) to evaluate the statistical null hypothesis that there is no relationship between independent variables and the dependent variable \( H_0 : \beta_1 = 0 \) is equal to 0.002. Therefore, the assumption was rejected by 95% as a result of a significant relationship was observed between the two variables. Thus, five research hypothesis is confirmed.

The hypothesis of the study Ansah is similar.

The table (1) summarizes the results of tests conducted to evaluate the hypothesis.

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Pearson's correlation coefficient</th>
<th>Spearman correlation coefficient</th>
<th>possibility of independent variables</th>
<th>Test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset</td>
<td>0.184</td>
<td>0.175</td>
<td>0.037</td>
<td>4.554</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>hypothesis was confirmed</td>
</tr>
<tr>
<td>D/E Ratio</td>
<td>0.191</td>
<td>0.211</td>
<td>0.028</td>
<td>0.912</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>hypothesis was confirmed</td>
</tr>
<tr>
<td>Profit</td>
<td>-0.186</td>
<td>-0.174</td>
<td>0.023</td>
<td>-5.714</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>hypothesis was confirmed</td>
</tr>
<tr>
<td>Opinion</td>
<td>0.207</td>
<td>0.217</td>
<td>0.025</td>
<td>5.264</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>hypothesis was confirmed</td>
</tr>
<tr>
<td>Life</td>
<td>0.243</td>
<td>0.283</td>
<td>0.002</td>
<td>0.460</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>hypothesis was confirmed</td>
</tr>
</tbody>
</table>

The model is fitted with sets of:

\[
Y = 62.072 + 4.554 + 0.912 \text{LOG ASSETS } D/E \text{ RATIO } - 5.714 \text{ PROFIT } + 5.264 + 0.460 \text{Life Opinion}
\]

Modulus coefficient equal to 0.512 to 0.482 is adjusted coefficient of determination. This means that about 48% of the variability associated with, the main described by the independent variables. The probability of statistic (F) Fisher to investigate the inadequacy of the model \( H_0 : \beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = 0 \), is equal to 0/005. Thus, 95% of the model is sufficient to check the hypotheses.
5 - Conclusion

Delay in the publication of financial statements, due to several factors. Annual audit of the financial statements of one of these factors is notable. Generally, the factors which cause delay in the implementation and completion of the audit will be placed in two general groups. The first group are factors that the characteristics and properties of the company are addressed. The second group are those related to the auditors and audit.

In this study, considering the first of these factors, the relationship between the five selected features size, age, debt-to-equity ratio, profitability and audit opinion with run time selection and completion of audit firms has been studied is taken. The results of the tests carried out, research shows that one in five selected features, has a significant relationship by the time implementation and completion of the audit are. The mean total duration of implementation and completion of the audit, which is 90.32 days, about 50% is justified by these five factors.

In this study, only five variables independently investigated by the. Other variables exist that may affect the time delay in the audit. So, generalizing the results and findings of this study, although limited by sets. In addition to sizing the company's total assets of the criteria stated in the balance sheet, have been used. Using these criteria, the main cause of the assets reflected on the basis of historical cost and different book values and historical cost of assets at current values associated with restriction.

6. Recommendations for future research

In order to do research later suggested that future presentations below are:

1. similar studies about the relationship between time delay in the implementation and completion of accounting practices with other accomplished financial characteristics.

2- Time delay in the implementation and completion of audit by the type of of activity and types for a comparative study of different companies, and be analyzed.

3. studies to investigate the relationship between the duration of the audit with the auditors and audit firms carried out the features and characteristics.
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