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Auditor's Going Concern Opinion Determinants: The Case of Indonesia

[1,]Juliani, [2,]Maria Stefani Osesoga
[1,2,] *Department of Accounting, Universitas Multimedia Nusantara*

ABSTRACT : The purpose of this research study is to obtain empirical evidence about the effect of the prior-year audit opinion, liquidity, leverage, and firm size on going concern audit opinion. Going concern audit opinion is important in making economic decisions, especially for external parties such as investors related to investment decisions and creditors in credit decisions, assessing the company's prospects in the future, and also as an early warning for companies carrying out management plans for the continuation of their business. Auditors must be more careful in providing an audit opinion on the company so as not to harm the related parties. The object of this research was manufacturing companies listed on Indonesia Stock Exchange (IDX) period 2017-2020. The total number of sample in this research study were 20 companies. This research used the logistic regression method. The simultaneous test results showed that prior-year audit opinion, liquidity, leverage, and firm size have a positive significant effect on going concern audit opinion. The partial test proved that (1) prior-year audit opinion has a positive significant effect on going concern audit opinion. Meanwhile, (2) liquidity has no negative significant effect on going concern audit opinion, (3) leverage has no positive significant effect on going concern audit opinion, and (4) firm size has no negative significant effect on going concern audit opinion. Taken together, management needs to pay attention to the liquidity of the company and encourages institutional parties to more contribute to the company's funding policy.

KEYWORDS - firm size, going concern audit opinion, leverage, liquidity, prior-year audit opinion

I. INTRODUCTION

Based on the audit objectives stated in the Auditing Standards No. 200, it is known that the final result of the audit process is an audit report that contains the auditor's opinion and becomes a means to communicate audit findings. In addition to determining whether or not there are any major misstatements in the financial statements, an auditor must ascertain whether management's use of the going concern assumption in the preparation and presentation of financial statements is appropriate, in accordance with International Standard on Auditing (ISA) 570, and determine whether there is a material uncertainty regarding the entity's ability to maintain business continuity. The auditor will provide a going concern audit opinion if there are any concerns about sustaining the client's going concern. Going concern audit opinion is a modified opinion given if the auditor finds doubts about the company's going concern, so the auditor will ask management to make a plan to overcome these doubts. If the auditor assesses that the plan has been effective and appropriate, the auditor can provide a going concern audit opinion.

The likelihood of manufacturing businesses receiving going concern audit opinions increases when manufacturing's financial state deteriorates. For instance, the manufacturing industry's contribution to investment realization fell by 4.1%% in 2019 compared to 2018, and the sector's economic growth fell by 0.47%, resulting in 42 companies receiving going concern audit opinion. Forty-two (42) companies of the 187 companies listed in the manufacturing industry category in 2019 earned going-concern audit opinions, according to information gathered from the IDX. In addition, there are 3 companies from the agriculture sector, 14 companies from the mining sector, and 17 companies from the infrastructure sector that received going concern audit opinion. The data shows that the manufacturing sector is one of the sectors that received the highest going concern audit opinion.The company will find it challenging to win the trust of investors in investment decision and creditors in loan decision if it receives a going concern audit opinion. Going concern audit opinions are crucial when making economic decisions, particularly for external parties like investors who are involved in investment decisions and creditors who are involved in credit decisions. They also serve as a forewarning for businesses implementing management plans and as an assessment of the company's future prospects. Auditor must take into account if the management's evaluation contains all pertinent information that the auditor is aware of based on the findings of the audit he conducted [1]. There are several conditions or events that may cast doubt on the going concern assumption based on International Standard on Auditing (SA) 570, in financial terms such as substantial operating losses, negative operating cash flows, and inability to repay creditors. In terms of operations such as labor difficulties and the emergence of very successful competitors, there are also other cases such as non-compliance with capital requirements [2].In this current study, going concern audit opinion is measured by using a dummy variable. Companies that receive a going concern audit opinion will be given a value of 1 if the auditor finds uncertainty about the viability of a company by expressing an unqualified opinion with explanatory language. Meanwhile, companies that do not receive a going concern audit opinion will be given a value of 0 if the auditor does not find any uncertainty regarding the viability of a company [3]. Going concern audit opinion is influenced by several factors such as the prior-year audit opinion, liquidity, leverage, and firm size.Prior-year opinion is defined as the audit opinion received by the auditee in the previous year. The previous year's going concern audit opinion will be an important consideration factor for the auditor to reissue a going concern audit opinion in the following year [4]. Companies that received a going concern audit opinion the preceding year made it possible for the company to again receive a going concern audit opinion the following year because it took a while to carry out the management plan, and as a result, the company could not immediately realize all management plans in improving the condition of the company's business continuity, especially if the company's financial condition does not improve and it will be difficult for the company to maintain the company's operating cash flow. As stated in International Standard Auditing 570, one indicator that individually or collectively can cast significant doubt on the going concern assumption is negative operating cash flow and substantial operating losses [2]. If the auditor continues to have concerns about the company's ability to continue operating and the management's plans from the previous year, the auditor will request that management come up with alternative solutions. The auditor will offer a going concern audit opinion if they believe the management plan can be implemented successfully. The prior-year audit opinion had a positive effect on going concern audit opinion [5].

Liquidity is the company's ability to meet its short-term obligations. Liquidity in this study is measured using the Current Ratio (CR). The current ratio is a ratio that measures the company's ability to pay short-term obligations using its current assets [6]. The lower the CR means that the lower the company's ability to pay its short-term debt. Companies that have a current ratio value below 1 indicates that the company is experiencing a financial crisis [7]. When experiencing a financial crisis, the company is unable to pay off its current debt with the current assets of the company. This is also explained in International Standard on Auditing 570, one indicator that either individually or collectively can cause significant doubt about the going concern assumption is the inability to repay creditors on the due date [2]. When the auditor is in doubt about the continuity of the company's business, the auditor will convey to management to make a plan to overcome the problem. If the auditor feels that the management plan can solve the problem effectively, the auditor will give a going concern audit opinion. Liquidity has a negative effect on going concern audit opinions [8].

Leverage is a ratio that shows how much debt a company uses for financing activities [9]. In this study, leverage is measured using the Debt to Assets Ratio (DAR). Debt to Assets Ratio is a ratio that measures how much of a company's assets are financed by company debt [10]. A high DAR means that the assets owned by the company are mostly financed by company debt. This indicates that the company has high debt along with the interest expense that must be paid by the company which has an impact on increasing the risk of default for maturing debts. This is also explained in International Standard on Auditing 570, one of the indicators that both individually and collectively can cause significant doubt about the going concern assumption is the inability to repay creditors on the due date, inability to comply with the terms of the loan agreement, and indications of withdrawal of support finance by creditors [2]. When the auditor is in doubt about the continuity of the company's business, the auditor will convey to management to make a plan to overcome the problem. If the auditor feels that the management plan can solve the problem effectively, the auditor will provide a going concern audit opinion. Leverage has a positive effect on going concern audit opinion [3].

Firm size is a scale used to determine how big or small the company is that can be seen from the total assets [11]. In this study, firm size was measured using the natural logarithm of total assets. Company with limited assets, also has limited resources to generate income. For instance, when a company has a small amount inventory, it cannot maximize sales due to limited inventory, especially if there is an inefficient use of expenses. Therefore, the company can experience losses that lead to the company's inability to pay off creditors' debts when they fall due. International Standard on Auditing 570 states that one of the indicators that both individually and collectively can cause significant doubt about the going concern assumption is a substantial operating loss or significant decrease in the value of assets used to generate cash flows and shortfalls supply of goods/materials [2]. When the auditor is in doubt about the continuity of the company's business, the auditor will convey to management to make a plan to overcome the problem. If the auditor feels that the management plan can solve the problem effectively, the auditor will provide a going concern audit opinion. Company size negatively affects going concern audit opinions [12].

Based on the background that has been described previously, the problems in this study can be formulated as follows:

1. Does the prior-year audit opinion have a positive effect on going concern audit opinion?
2. Does liquidity have a negative effect on going concern audit opinion?
3. Does leverage have a positive effect on going concern audit opinion?
4. Does firm size have a negative effect on going concern audit opinion?

II. LITERATURE REVIEW

Agency Theory : Agency theory explains that in a company a contract appears between the owner of capital (principle) and the manager of capital (agent). Both sides will have their own focus. The owner of capital will focus on his desire in the company's going concern, while the agent will focus on his welfare in managing the company. Based on these assumptions, an independent third party is needed, in this case a public accountant [13]. This difference in interests creates a gap between the principle and the agent that must be bridged by the presence of an independent third party so that the financial statements made by the agent can be trusted by the principal or other stakeholders. In carrying out the audit engagement on the financial statements, the auditor is responsible for providing an audit opinion that is in accordance with the facts. Apart from providing an audit of the financial statements of the financial year they audit, auditors are also obliged to assess the viability of the company. This is because many parties have an interest in the condition of the company for the future, for example, the bank in providing credit for the long term [14].

Audit : Auditing is the process of collecting and evaluating evidence of measurable information about an economic entity that is carried out by a competent and independent person to be able to determine and report on the suitability of the information in question with predetermined criteria [15]. There are four stages in the process of conducting the audit process, namely: planning and designing an audit approach, carrying out tests of controls and occurrence of transactions, carrying out analytical procedures and tests of details of balances, and completing audits and issuing audit reports [15]. The final result of the auditing process is an audit report. It is a report stating the auditor's opinion about the feasibility of a company's financial statements whether they are in accordance with applicable regulations.

Audit Opinion : Auditor's opinion is the opinion given by the auditor about the fairness of the presentation of financial statements on the audit results. The final result of the auditing process is an opinion on the company's financial statements [16]. In ISA 705, there are two kinds of opinions that can be given by the auditor, namely opinions without modification and opinions with modifications. Unmodified opinion is the opinion expressed by the auditor when the auditor concludes that the financial statements are prepared in all material in accordance with the applicable financial reporting standards. Unmodified opinion is also known as Unqualified Opinion. Meanwhile, the modified opinion is divided into three, namely Qualified Opinion, Adverse Opinion, and Disclaimer Opinion [17].

Going Concern Audit Opinion : Going concern audit opinion is a modified audit opinion on the assessment of significant inability or uncertainty to the viability of the company in carrying out its operations for a reasonable period of time or not more than one year since the financial statements are audited [18]. According to ISA 570, auditors are responsible for obtaining sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of financial statements and for concluding whether there is a material uncertainty about the entity's ability to continue as a going concern [2]. The auditor makes an assessment of the company's ability to continue operating activities based on the financial statements of management.There are several conditions or events that may cast doubt on the going concern assumption based on ISA 570 in terms of financial such as substantial operating losses, negative operating cash flows, and inability to repay creditors. In terms of operational, the conditions are such as labor difficulties, the emergence of highly successful competitors and management's intention to liquidate the entity. There are also other cases such as non-compliance with capital requirements and changes in laws and regulations or government policies that are expected to have a negative impact on the entity [2]. Thus, the auditor must consider various things in giving the opinion, not apart from the overall economic situation and the company's plans in the future [16].

Management's plan for the entity's ability to continue as a going concern is an important consideration for the auditor. Auditor considerations related to management plans in ISA 570 are the planning to sell assets, for debt withdrawal or debt restructuring, to reduce or delay expenditures, and to increase capital [2].

Prior-Year Audit Opinion : Prior-year audit opinion is the audit opinion obtained by a company in the year prior to the study. After the company receives a going concern opinion from the auditor, the company must show a significant improvement by increasing its business operations or by carrying out the management plan that has been given. If a company is not able to improve its survival in the following year, it may get a going concern audit opinion in the current year [19]. Some of the reasons why the prior-year audit opinion is used as input and consideration in conducting the examination are the company's current operations caused by the company's performance in the previous period. The company's current planning strategy is also a continuation of the strategy that was implemented in the previous year [20]. The results of research from [21], [3], and [5] stated that the prior-year audit opinion has a positive effect on going concern audit opinions. Meanwhile, research from [1] showed that the previous year's audit opinion had no effect on going concern audit opinions.
Based on this description, the hypotheses proposed in this study are:
Ha_1: The prior-year audit opinion has a positive effect on the going concern audit opinion.

Liquidity : The liquidity ratio is a ratio used to measure a company's short-term ability to pay its maturing obligations and to meet unexpected cash needs. Current ratio is a ratio that shows the company's ability to meet its short-term obligations [6]. A good current ratio standard is 200% or 2:1. This ratio is often considered a good or satisfactory measure for a company's liquidity level, but this standard is not absolute because other factors must also be considered, such as industry characteristics, & inventory efficiency [22]. The research from [8], [23], and [24], found that liquidity has a negative effect on going concern audit opinion. But, research from [25], [26], and [16] stated that liquidity has no effect on going concern audit opinion.
Ha_2: Liquidity has a negative effect on going concern audit opinion.

Leverage : Leverage ratios show the amount of capital originating from loans used to finance investment and company operations [9]. In this study leverage is measured by Debt to Assets Ratio (Debt Ratio). Debt ratio used to measure the ratio between total debt and total assets. The higher the percentage of debt to total assets, the greater the risk that the company may be unable to meet it maturing obligations. Also, the higher the percentage of debt to total assets of a company, the greater the risk of the company not being able to meet its obligations when they fall due [6]. The results of research from [3] and [26] stated that leverage has a positive effect on going concern audit opinion, while research from [25] found that leverage has a negative effect on going concern audit opinion. Several studies from [8], [21], [27] argued that leverage has no effect on going concern audit opinion. The hypothesis used in this study is:
Ha_3: Leverage has a positive effect on going concern audit opinion.

Firm Size : Firm size is a scale where the size of a company can be classified according to several ways, including total assets, value per share, and others [11]. Small companies will be more at risk of receiving a going concern audit opinion compared to larger companies. This is possible because the auditor believes that a larger company can solve the financial difficulties it faces more than a smaller company [28]. Research from [1] found that firm size has a positive effect on going concern audit opinion. Meanwhile, research by [25] and [27] stated that firm size has no effect on going concern audit opinions. The hypothesis used in this study is:
Ha_4: Firm size has a negative effect on going concern audit opinion.

Research Framework :

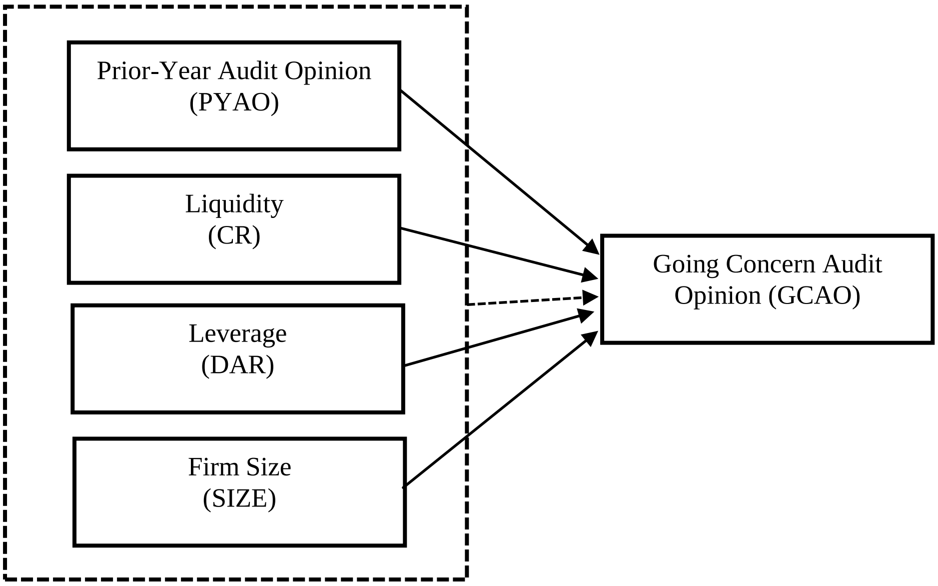

Figure 1. Research Framework

III. RESEARCH METHODOLOGY

Research Object : The objects used in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) consecutively in the 2018-2020 period. These manufacturing companies cover 3 sectors, namely basic and chemical industry sector, various industrial sector, and consumer goods sector. This study used secondary data from financial statements of manufacturing sector companies listed on the Indonesia Stock Exchange (IDX).

Research Variables

Dependent Variable : The dependent variable used in this research was going concern audit opinion. Going concern audit opinion is a modified opinion given if the auditor finds doubts about the company's going concern, so the auditor will ask management to make a plan to overcome these doubts, if the auditor assesses that the plan has been effective and appropriate, the auditor can provide a going concern audit opinion. This going concern audit opinion used a nominal scale in its measurement, namely the dummy variable. In this study, companies that receive a going concern audit opinion will be given a value of "1". Meanwhile, companies that do not receive a going concern audit opinion will be given a value of "0".

Independent Variables

Prior-Year Audit Opinion : The prior-year audit opinion is defined as the audit opinion received by the auditee in the previous year. The previous year's going concern audit opinion will be an important consideration factor for the auditor to reissue a going concern audit opinion in the following year [4]. The prior-year audit opinion is measured by a dummy variable. If the company received a going concern audit opinion in the previous year will be given a value of "1", and "0" otherwise.

Liquidity : Liquidity is proxied by the current ratio (CR), which is a ratio that describes the company's ability to pay off its short-term obligations using its current assets. Current ratio is formulated as follows [29]:

$$\text{Current Ratio (CR)} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Leverage : Leverage is a ratio that shows how much debt a company uses for financing activities [9]. Leverage in this study is measured by using the Debt to Asset Ratio (DAR). DAR is a ratio that shows how much debt the company will use to fund its assets [30]. It is formulated as follows [6]:

$$\text{Debt Assets Ratio (DAR)} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Firm Size : Company size is the scale used to determine how big or small the company is, which can be seen from the total assets [11]. The greater the total assets owned by the company, the greater the size of the company. The size of the company in this study is measured by using the natural logarithm of the company's total assets. According to [31], company size can be formulated as follows:

Firm size = Ln Total Assets

Data Analysis Method : The data analysis method used in this research is logistic regression. The equation of the logistic regression function is stated as follows:

$$\mathbf{Ln}\frac{\mathbf{GCAO}}{\mathbf{1-GCAO}} = \boldsymbol{\alpha} + \boldsymbol{\beta_1}\mathbf{PYAO} - \boldsymbol{\beta_2}\mathbf{CR} + \boldsymbol{\beta_3}\mathbf{DAR} - \boldsymbol{\beta_4}\mathbf{SIZE} + \boldsymbol{\varepsilon}$$

Where:

Ln GCAO/(1-GCAO) = dummy variable of going concern audit opinion
α = constant
$\beta_1,\beta_2,\beta_3,\beta_4$ = coefficient of independent variable
PYAO = Prior-Year Audit Opinion
CR = Liquidity
DAR = Leverage
SIZE = Firm Size
ε = error

IV. RESULTS AND DISCUSSION

Data used in this study are manufacturing public firms listed on Indonesian Stock Exchange from the year 2017 until 2020. Sample selection using purposive sampling is as follows:

Table 1. Sample Selection

Manufacturing firms listed in Indonesia Stock Exchange from 2018 to 2020:		
m-year observations	456	
Less did not publish financial statements	(12)	
Less different closing date	(9)	
Less USD presentation	(84)	
Less did not experience negative net income for at least 2 consecutive years during 2018-2020	(291)	
Final observations		60

The final results of the sample are 60 firm-years observations. The result for descriptive statistics is as follows:

Table 2. Descriptive Statistics Result

	N	Range	Minimum	Maximum	Mean	Std. Deviation
CR	60	7.808004	.024222	7.832226	1.90869879	1.784641115
DAR	60	3.769315	.165587	3.934902	.78697047	.756968826
SIZE	60	4.437311	25.361398	29.798709	27.41819411	1.145450841
Valid N (listwise)	60					

Figure 2 illustrates the frequency with which companies received a going concern audit opinion in the previous year.

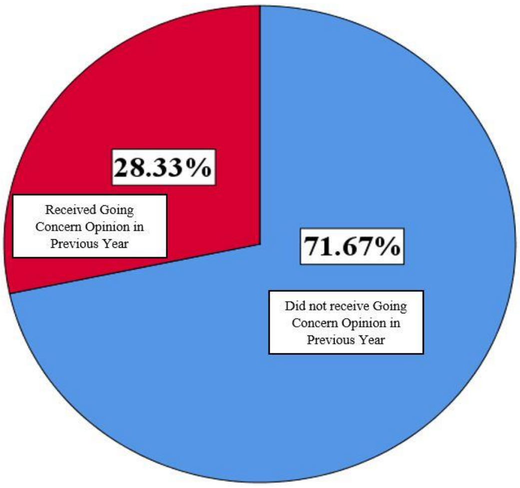

Figure 2. Pie Chart of the Prior-Year Audit Opinion

Based on the pie chart, it is known that there are 28.33% or 17 of the 60 research samples that received a going concern audit opinion in the previous year. Meanwhile, there were 71.67% or 43 of the 60 research samples that did not receive a going concern audit opinion in the previous year.

Figure 3 described the frequency of sample companies receiving going concern audit opinions.

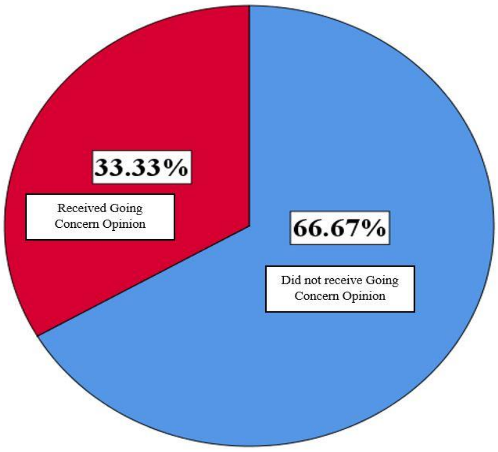

Figure 3. Pie Chart of Going Concern Audit Opinion

Based on Figure 3, there are 33.33% or 20 of the 60 research samples that receive going concern audit opinions. Meanwhile, 66.67% or 40 of the 60 research samples did not receive a going concern audit opinion.The model fit test was used to assess whether the hypothesized model fits the data. Table 3 shows the results of the overall model fit test.

Table 3. Overall Model Fit Results

-2 Log Likelihood Block Number : 0	-2 Log Likelihood Block Number = 1
76,382	50,442

Based on Table 3, the -2LogL value for the model merely includes a constant (block number = 0) without taking into account the independent variable having a -2LogL value of 76.382. Meanwhile, the -2LogL value for the model with constants and independent variables (block number = 1) has a value of 50.442. There is a difference of 25.94. The difference between the initial -2LogL (block number =0) and the final -2LogL (block number =1) is greater than the value obtained from the biometric table (25.94 > 2.776). Thus, it can be concluded that the decrease in -2LogL is significant. This shows that the addition of the four independent variables, namely prior-year audit opinion (PYAO), liquidity (CR), leverage (DAR), and firm size (SIZE) improve the model and make the model fit the data.

Table 4 shows the results of Hosmer and Lemeshow's Goodness of Fit Test:

Table 4. Hosmer and Lameshow's Goodness of Fit Test Result

Step	Chi-square	df	Sig.
1	6.950	8	.542

Based on Table 4, the results of the feasibility of the regression model with Hosmer and Lameshow's Goodness of Fit Test have a significant value of 0.542. This value is greater than the significance value set as the limit for the feasibility of the regression model, which is 0.05. This means that the research model can be accepted because it can predict the value of the observations and is suitable for use in further analysis.
The following are the results of the coefficient of determination test:

Table 5. Test Results of Negelkerke's R^2

Step	-2 Logs likelihood	Cox & Snell R Square	Nagelkerke R Square
1	50,442 [a]	.351	.487

According to Table 5, the value of Negelkerke's R^2 is 0.487. This indicates that the independent variables, namely prior-year audit opinion (PYAO), liquidity (CR), leverage (DAR), and firm size (SIZE) can explain the dependent variable, going concern audit opinion (GCAO), amounting to 48.7% and the remaining 51.3% were explained by other variables that were not tested in the research model.
The following are the results of the classification table test:

Table 6. Classification Table Result

Observed			Percentage Correct
	OAGC	0	92,5
Step 1		1	60,0
	Overall percentage		81,7

Based on Table 6, the percentage of accuracy of the overall prediction model is 81.7%. This shows that the model is said to be correct because it has an accuracy above 50%.
Table 7 depicts the result of the output variable in equation and Omnibus Test:

Table 7. Output Variables in the Equation and Omnibus Test

		B	Sig.	Exp(B)
Step 1 [a]	PYAO	2,726	.000	15,276
	CR	-166	.598	.847
	DAR	1,621	.203	5.058
	SIZE	-.209	.609	.812
	Constant	3.266	.780	26,196
Omnibus Tests	Chi-Square	25,940		
	df	4		
	Sig.	.000		

The results of Omnibus Test show a Chi-Square value of 25.940 with a significance value of 0.000 which is smaller than 0.05. This means that the independent variables: prior-year audit opinion (PYAO), liquidity (CR), leverage (DAR), and firm size (SIZE) simultaneously have a significant effect on the dependent variable, going concern audit opinion (GCAO).

Based on table 7, the regression equation is:

$$\text{Ln}\frac{\text{GCAO}}{1-\text{GCAO}} = 3{,}266 + 2{,}726\ \text{PYAO} - 0{,}166\ \text{CR} + 1{,}621\ \text{DAR} - 0{,}209\ \text{SIZE}$$

Prior-Year Audit Opinion (PYAO) has a regression coefficient value of 2.726 which indicates that if other variables are held constant, the odds of the company receiving a going concern audit opinion will increase by a factor of 15.276 ($e^{2.726}$) for each unit increase in the variable of prior-year audit opinion. Then, the obtained significance level is 0.000, smaller than the significance level (α) 0.05. So, Ha_1 is accepted. It indicates that the prior-year audit opinion has a significant positive effect on going concern audit opinion. This result supports the research results conduct by [3], [5] and [21]. Liquidity variable (CR) has a regression coefficient value of -0.166 which indicates that if other variables are held constant, the odds of the company receiving a going concern audit opinion will decrease by a factor of 0.847 ($e^{-0.166}$) for each unit increase in the liquidity variable (CR). Then, the obtained level of significance is 0.598 which is greater than the significance level (α) 0.05. Thus, Ha_2 is rejected. The liquidity does not have a negative effect on going concern audit opinion. This result supports the research of [25], [16], and [26].

In this study, it was found that liquidity which is proxied by the current ratio (CR) did not have any effects on going concern audit opinion. This is because the average of CR in this study is low because as many as 39 observations or 65% of 60 observations have an average CR value below the standard CR value, which is 2. From 39 observations, 31 observations or 79.49% decreased in current assets. From 39 observations, the current assets component is dominated by 47.66% of inventory, 27.98% of trade receivables, 6.04% of cash and cash equivalents, and the remaining 18.92% of accounts other current assets. Even though it has a low current ratio value, if the company can manage its inventory well the company can generate income that can be used to pay off debts to creditors. From 39 observations, as many as 27 observations or 69.23% have positive operating cash flows even though they have a low current ratio value. Therefore, the auditors decided not to give a going concern audit opinion to the company because they believed that the company was able to maintain its business continuity. Therefore, from 27 observations, 20 observations or 74.07% did not receive going concern audit opinion.

Leverage variable (DAR) has a regression coefficient value of 1.621 which indicates that if other variables are held constant, the odds of the company receiving a going concern audit opinion will increase by a factor of 5.058 ($e^{1.621}$) for each unit increase in the leverage variable (DAR). Then, the obtained significance level is 0.203. It is greater than the significance level (α) that is 0.05. Therefore, Ha_3 is rejected, showing that leverage does not have a positive effect on going concern audit opinion. This result is in line with research conducted by [8], [21], and [27]. There are 45 observations or 75% of the 60 observations have DAR values below the average. From 45 observations, 23 or 51.11% of them experienced a decrease in their total liabilities. From 23 observations, 13 or 56.52% of them have higher current liabilities than non-current liabilities. From the 13 observations, the average cash received from customers is 70% used for payments to suppliers. However, 7 observations or 53.84% of the 13 observations have the amount of cash received from customers used for payments to suppliers is greater than 70%. Therefore, the company has less cash that can be used for company operations or to pay off debts other than to suppliers. This raises a doubt about the company's ability to maintain its business continuity. As a result, from the 13 observations, there were 7 observations or 53.84% who received a going concern audit opinion from the auditor.

Firm size (SIZE) has a regression coefficient value of -0.209 which indicates that if other variables are held constant, the odds of the company receiving a going concern audit opinion will decrease by a factor of 0.812 ($e^{-0.209}$) for each unit increase firm size variable (SIZE). The significance level is 0.609, which is greater than the significance level (α) 0.05, so Ha_4 is rejected. It means firm size does not have a negative effect on going concern audit opinion. The results of this study are in line with research studies from [25] and [27].There are 30 observations or 50% of the 60 observations have a total asset value below the average. From 30 observations, 21 or 70% of them have total current assets greater than total non-current assets. Meanwhile, from the total assets containing components on average it is dominated by fixed assets by 36.39%, inventory by 22.28%, accounts receivable by 17.19%, other non-current assets accounts by 7.35%, asset accounts other current accounts, at 6.88%, cash and cash equivalents at 5.13%, deferred tax assets at 3%, and investment properties at 1.78%. Even though it has a small firm size, if the company is able to utilize its fixed assets such as the maximum utilization of machines used to produce inventories, it can generate revenue. There are 20 companies or 66.67% of 30 observations do not receive a going concern audit opinion. This is shown from 20 observations that there are 13 observations or 65% having a positive operational cash flow. It indicates that the company is still able to manage its operations well, so the company still has cash savings for future operational needs. Therefore, the auditors decided not to give a going concern audit opinion to the company because they believed that the company was able to maintain its business continuity.

V. CONCLUSION

Based on the results above we can conclude that prior-year audit opinion has a positive significant effect on going concern audit opinion. While the liquidity, leverage, and firm size have no effect on going concern audit opinion. There are some limitations in this study. First, the object used in this research is only manufacturing company listed on the Indonesia Stock Exchange (IDX) period 2018-2020, so the research results could not be generalized to all sectors or all companies listed on the IDX. Second, there are other variables that can affect the going concern audit opinion that not examined in this study. This can be seen from the result of Negelkerke's R^2, which has a value of 0.487 which means that going concern audit opinion variable can only be explained by the independent variables, namely the prior-year audit opinion, liquidity, leverage, and firm size amounted to 48.7%. Future researches could extend the research period so that the results can be more generalized and add other independent variables that are expected to affect the going concern audit opinion, such as company growth, disclosure, and bankruptcy prediction. The results of this study prove that the influential independent variable in this study is the prior-year audit opinion. The audit opinion of the previous year is one of the factors that can be used as a benchmark for whether in the following year the company will accept the going concern audit opinion again or not. The prior audit opinion can be a motivation for the company to make more efforts to focus on improving or implementing management plans to overcome doubts such as negative operating cash flows, substantial losses, or the company's inability to pay debts that have matured so that the company can avoid receiving a going concern audit opinion in the following year.

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