

Impact of Pandemic Financial Crisis to the Going Concern Audit Opinion Factors

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ABSTRACT

This study aims to further analyze the relationship between the characteristics, client relationship characteristics and environmental factors of auditors in issuing going concern audit opinions during pandemic financial crisis. By analyzing the effect of audit client tenure, litigation risk, and audit firm size on going-concern audit opinion and financial crisis due to COVID-19 as moderation. This study uses secondary data, financial statements and independent auditor reports of mining companies listed on the Indonesia Stock Exchange in period 2017-2020. The analytical method used is logistic regression. The results showed that the audit client tenure of public accountants and audit firm size had a significant negative effect on the issuance of going-concern audit opinions, while litigation risk had a significant positive effect on the issuance of going-concern audit opinions. Then the financial crisis due to Covid-19 had a significant positive effect on going-concern audit opinion but did not moderate the effect of audit client tenure, litigation risk, and audit firm size on going-concern audit opinion.

Keywords: audit client tenure, litigation risk, audit firm size, going concern audit opinion, and financial crisis

INTRODUCTION

When a financial crisis occurs, the auditor's assessment regarding the issue of the company's going concern becomes the attention of stakeholders. This is due to the financial crisis that has direct impact on the survival of the company in various industry as well as the rate of return on investment funds and stakeholder loans. During the Covid-19 pandemic, Indonesia has experienced an economic recession after Indonesia's Gross Domestic Bruto (GDB) in the second and third quarters of 2020 was minus 5.32 percent (Badan Pusat Statistik, 2020a) and 3.49 persen (Badan Pusat Statistik, 2020b) YoY (year on year). This has resulted in many companies in various sectors experiencing financial difficulties. Based on a study by the Institute for Energy Economics and Financial Analysis (IEEFA), the Covid pandemic threatens the financial resilience of 6 of the 11 coal industry companies on the Indonesia Stock Exchange (IDX). The realization of investment in the mineral and coal mining sector also only reached 37.3% of the target of US\$ 7.75 billion in the 2020 Mining Work Plan and Budget or RKAB. It is not known when the financial crisis will end (Beams dan Yan 2015), this will result in significant uncertainty in the business environment.

Further impact from going concern issue was also stated on exchange regulations point I-I, stipulates that the stock exchange may delete the listing of an issuer's shares on the IDX when the issuer experiences an event that has a significant negative impact on business continuity or the continuity of its status as an issuer. Reported from CNBC Indonesia, there were 3 forced delisting mining companies in the 2017-2020 period, including: PT Borneo Lumbung Energi & Metal Tbk (BORN) delisted on 20 January 2020, PT Bara Jaya Internasional Tbk (ATPK) on 30 September 2019, and PT Sigmagold Inti Perkasa Tbk. (TMPI) caused by could not provide prospects for its business continuity. Stakeholders began to question the role of auditors when many companies and banks went bankrupt after obtaining a fair opinion (Sanoran 2018). So, auditor should adjust their audit method to address this issue for rising the audit quality during financial crisis.

Based on Statement of Auditing Standards (SAS) No. 59 and Auditing Standard (SA) 570, the auditor has the responsibility to assess the client company's ability to maintain its business continuity for a reasonable period of time (AICPA 2012; IAPI 2013; Zarei et al. 2020; Apollo 2020). However, decreasing level of stakeholder trust on auditor's independent report is still a significant matter. This is the impact of the company's scandals concerning the auditor's ability to detect and disclose window dressing by the company, so that the auditor's opinion does not reflect the fairness of the company's financial statements (Sultanoglu et al. 2017). Because the auditor has legal liability for the assurance services provided in accordance with applicable audit standards (Lessambo 2018), auditors must use professional judgment in providing a going concern audit opinion. The evaluation is based on the auditor's characteristics, client relationship characteristics and environmental factors of auditors.

Audit client tenure is the number of continuous years the incumbent auditor has been with the client (Jackson et al. 2008). To increase public trust regarding auditor independence, regulators and professional organizations issued several regulations regarding client tenure audits, such as: European Union (EU) Regulation No. 537/2014 for 10 years, and The Sarbanes-Oxley Act (SOX) section 207, 17/PMK.01/2008, and POJK No. 13/POJK.03/2017. Legal risk arises when engaged the responsibility between auditors and two key parties: the client and third-party users (Louwers et al. 2018). When the auditor fails to carry out the audit task, the auditor can be held liable for the loss of using legally misleading information (Messier et al. 2017). Litigation risk or legal liability if it is not controlled properly by the auditor will cause losses and decline in professional reputation (Whittington and Pany 2016). Meanwhile, audit firm size is associated with the reputation and audit quality of the Public Accounting Firm (Tagesson and Öhman 2015). The issue related to audit firm size is how audit firms build and maintain their audit quality from failures that can damage their reputation, in this case related to going concern issues of client companies.

This study further analyzes the relationship between the characteristics, client relationship characteristics and environmental factors auditors by giving a going concern audit opinion to address the extraordinary condition (financial crisis, etc.). There are two motivations in this research. First, it explores the potential for auditor differences of opinion that are influenced by auditor characteristics, auditor environmental conditions, and the client-auditor relationship. Giving the type of opinion is the auditor's professional judgment, each auditor has its own audit tools or procedures in reducing audit risk. Auditors do not have absolute tools to measure the company's future capabilities. Second, is to understand whether relationship was

affected during financial crisis. For assessing the importance re-set regulation regarding audit client tenure when financial crisis occurred.

There are several contributions from this research. The first is the contribution to theory, theoretically this research can be used to develop knowledge about the characteristics, client relationship characteristics, environmental factors of auditors, and going concern audit opinions. Second, regarding the contribution of practice, this research can be useful for companies, investors, and creditors for assessing the reliability of audited financial statements, and for auditor as an additional procedure related to client risk assessment. Third, related to policy making, this research can provide references that can be used as a policy basis for regulators that regulate the Indonesian capital market in making policies related to tenure audits and force delists for issuers who are indicated to have going concern problems.

THEORETICAL FRAMEWORK AND LITERATURE REVIEW

Stakeholder and Legitimacy Theory on Issuing Going Concern Audit Opinion

Going concern audit opinion is an audit opinion with an emphasis paragraph that informs that there is significant uncertainty or inability of the company in carrying out its business operations (Simamora and Hendarjatno 2019). In SA 570 it is stated that in carrying out the audit, the auditor must obtain sufficient and appropriate evidence about the appropriateness of using the going concern assumption, draw conclusions from the evidence, and assess its impact on the auditor's report. The period considered for a going concern modification must be at least 12 months.

Stakeholder theory states that organizations not only have responsibilities to their owners but also have responsibilities to the wider community and other parties (Donaldson and Preston 1995; Phillips 2003; Friedman and Miles 2006; Bepari and Mollik 2016; Maria and Rendtorff 2016). Mareque et al. (2017) mention that auditors carry out social and public interest functions which are very basic in the economic system. The issuance of a going concern audit opinion is a form of the auditor's responsibility to stakeholders to inform that the client company is experiencing significant going concern problems.

Legitimacy theory states that an organization's actions must conform to the values, norms, beliefs, and expectations of the wider society in which it operates. Based on the legitimacy theory, each auditor will focus on improving audit quality by ensuring that the audit has been carried out in accordance with auditing standards, financial accounting standards, codes of ethics, and applicable regulations. The issuance of a going concern audit opinion is a form of compliance with standards and a form of auditor mitigation from litigation costs and reputational decline. This is based on the risk of litigation against the auditor for not providing a going concern audit opinion to clients who experience bankruptcy after the audit period (Beams and Yan 2015).

Audit Client Tenure on Going Concern Audit Opinion

Audit client tenure is the length or duration of an audit assignment between a client and one auditor (Simamora and Hendarjatno 2019; Yuliastuty et al. 2018). POJK No. 13/POJK.03/2017 limits the period for providing audit services to the company's annual financial statements by one AP for 3 consecutive years, while the deadline for KAP providing audit services is based on the Audit Committee's evaluation of the potential risks caused by long audit tenure. Moroney,

Campbell and Hamilton (2017) mention that an assessment for a new client audit engagement will be more detailed than an assessment for continuing an engagement with an existing client, this is also in accordance with SA 210.

Audit client tenure can improve audit quality hence can increase auditor knowledge, and can reduce audit quality hence there are indications of weakening auditor independence. The longer audit client tenure can provide auditors with a better understanding of the business environment, client accounting systems, internal controls, industry practices, and client governance structures (Rickett and Maggina 2016). Viewed from stakeholder theory, this understanding will be useful in improving audit quality for the benefit of stakeholders. Bratten et al. (2019) state that auditor independence will be greater at the end of audit tenure. In contrast, Vanstraelen (2000) found that there is a higher tendency for auditors to issue a going concern opinion in the first two years compared to the third year. However, according to Osman et al. (2018) client tenure with a short tenure can also reduce auditor independence, because there is a tendency for auditors to maintain the audit engagement. Based on the empirical evidence and the theory that has been mentioned, the established hypothesis is as follows:

H1 : audit client tenure has a significant effect on going concern audit opinion.

Litigation Risk on Going Concern Audit Opinion

Litigation risk is the risk or legal obligation that arises when the auditor agrees to an audit engagement with a company (Louwers et al. 2018). Whittington dan Pany (2016) mention the scope of the auditor's legal obligations in carrying out professional activities, namely: legal responsibilities to the client in accordance with the audit engagement, Auditor responsibilities to third parties based on common law and securities laws, and criminal liability for violating the law.

With a risk-based audit approach, the auditor will assess the risks contained in the client company to determine the planning, procedures, and scope of testing up to audit reporting. From the legitimacy theory, it can be concluded that the auditor will be more conservative if auditing clients with high risk. Carson et al. (2017) mention that litigation risk and additional supervision on audit clients will increase auditor conservatism and increase the tendency of auditors to issue going-concern audit opinions. The factors that influence the auditor to issue a going concern audit opinion are when the client company has a deficiency, increased litigation costs, and increased regulatory oversight (Geiger et al. 2005). Then Sun and Liu (2011) state that auditors will be more effective in limiting greater earnings management for clients with high litigation risk than clients with low litigation risk. Based on the empirical evidence and the theory that has been mentioned, the established hypothesis is as follows:

H2 : litigation risk has a significant effect on going concern audit opinion

Audit Firm Size on Going Concern Audit Opinion

Audit firm size or the size of a Public Accounting Firm (KAP) can be seen from several perspectives such as total income, number of professionals, number of clients and others (Arens et al. 2014). Audit firm size will affect the risk of the audit client company- related to going concern risk, where each audit firm has a different SPM (Quality Control Standard) acceptance of audit engagements. Large audit firms tend to have clients with lower market risk with higher profitability. This is because large audit companies focus more on reputation and improving their audit quality to maintain trustworthy stakeholders (stakeholder theory). Research by

Knechel and Vanstraelen (2007) shows that the relationship between audit firm size and audit quality is different in each country. Tagesson and Öhman (2015) also state that Big 4 auditors are more likely to issue warnings in the form of going concern audit opinions than other auditors. Based on the empirical evidence and the theory that has been mentioned, the established hypothesis is as follows:

H3 : audit firm size has a significant effect on going concern audit opinion

Moderation of the Financial Crisis Due to Covid-19

Sultanoglu et al. (2017) mentions that the hallmark of a financial crisis is when there is a decline in the Gross Domestic Product (GDP) growth rate. The financial crisis due to the Covid-19 pandemic is a global financial crisis because its dynamically complex impacts have affected the world economy across geographical and sectoral boundaries (Padovani et al. 2021). Unlike the financial crisis that occurred in 2008 which resulted in stagnant global GDP growth, the financial crisis due to Covid-19 is expected to cause global GDP growth to fall by more than two percent in 2020 because the Covid-19 crisis has affected the real economy not only the financial sector (OECD 2020a). The impacts and reactions to the global financial crisis pandemic are different for each country and jurisdiction (Maher et al. 2020; Nemec and Špaček 2020; OECD 2020b).

Financial characteristics will also increase additional regulatory oversight of companies that are listed on the stock exchange because they hold the public interest, it will increase the auditor's attention to the company's performance. This will make the auditor to carry out more mitigation activities. Sanoran (2018) states that during periods of economic crisis, auditors can issue audit reports that are too qualified (going concern opinion) with the aim of avoiding litigation (legitimacy theory). Mareque et al. (2017) also mentioned that the conservatism is increased to protect auditors and audit firms from higher-risk exposures during the financial crisis. Based on the empirical evidence and the theory that has been mentioned, the established hypothesis is as follows:

H4 : The financial crisis due to Covid-19 moderated the effect of audit client tenure on Going Concern Audit Opinion.

H5 : The financial crisis due to Covid-19 moderates the effect of litigation risk on going-concern audit opinion.

H6 : The financial crisis due to Covid-19 moderates the effect of audit firm size on going concern audit opinion.

METHODOLOGY

The researcher uses a causal method with a quantitative approach. The method used will explain the effect of the independent variable on the dependent variable by statistical analysis of the data that has been collected. The dependent variable in this study is going concern audit opinion. This variable is measured using a dummy variable where going concern audit opinion is labeled with code 1, while non-going concern audit opinion is labeled with code 0. The independent variables in this study are audit client tenure, litigation risk, and audit firm size. Audit client tenure is measured by counting the number of years when the same AP has audited the same client. Audit firm size is measured using a dummy variable where Big 4 audit firms are labeled with code 1, while other categories are labeled with code 0. And litigation risk is measured by a proxy developed by Shu (2000), also adopted by Sun and Liu (2011), and

Giordani, Maria and Souza (2020) to measure auditor litigation risk, as shown in Equation 1 as follows:

$$RLIT = 0,276 * TAM + 1,153 * EST + 2,075 * REC + 1,251 * ROA + 1,501 * LG + 0,301 * CV - 0,371 * RET + 0,235 * MB + 1,464 * PA + 1,060 * DIF + 0,928 * SET + 0,463 * OP - 10,049$$

Description:

RLIT	: Litigation risk.
TAM (Size)	: Natural logarithm of total assets.
EST (Inventory)	: Inventory divided by total assets.
REC (Revenue)	: Receivables divided by total assets.
ROA (Return on Assets)	: Net income divided by total assets.
LG (General liquidity)	: Total liabilities divided by total assets.
CV (Sales Growth)	: Changes in sales for the current year from the previous year divided by the total sales for the previous year.
RET (Return on stock)	: Stock return rate in the current year.
MB (Market to Book)	: Beta or regression coefficient of daily stock returns and market return (IHSG) during the current year/period.
PA (Share Ratio)	: The proportion of shares traded at least once during the period compared to the number of shares on the last day of the financial year.
DIF (<i>Financial difficulties</i>)	: 1 if the company has negative equity and 0 otherwise.
SET (<i>Sector</i>)	: 1 if the company is in a sector with codes 2830, 3570, 7370, 8730, and between 3825 and 3839 (health, information technology, and telecommunications), and 0 otherwise.
OP (<i>Audit Opinion</i>)	: 1 if the company received a modified or going concern audit opinion in the previous year, and 0 otherwise.

The moderating variable in this study is the financial crisis due to Covid-19. The financial crisis occurred when Indonesia officially experienced a recession, in the second and third quarters of 2020. This variable is measured using a dummy variable in which independent auditor reports issued during the financial crisis period due to the Covid-19 pandemic are labeled code 1, while independent auditor reports outside the financial crisis period due to the Covid-19 pandemic are labeled code 0.

This study uses logistic regression to answer the research hypothesis. In this study, logistic regression analysis was tested with SPSS 24.0 software. The variables that are thought to have an effect on going-concern audit opinion are systematically formulated in the regression equation model as follows:

$$\ln \left(\frac{(GC)}{(1-GC)} \right) = \alpha + \beta_1 \text{Tenure_AP} + \beta_2 \text{Tenure_KAP} + \beta_3 \text{RLIT} + \beta_4 \text{Firm} + \beta_5 \text{FC}$$

and

$$\ln \left(\frac{(GC)}{(1-GC)} \right) = \alpha + \beta_1 \text{Tenure_AP} + \beta_2 \text{Tenure_KAP} + \beta_3 \text{RLIT} + \beta_4 \text{Firm} + \beta_5 \text{Tenure_AP} \times \text{FC} + \beta_6 \text{Tenure_KAP} \times \text{FC} + \beta_7 \text{RLIT} \times \text{FC} + \beta_8 \text{Firm} \times \text{FC}$$

Description:

$\ln \frac{(GC)}{1-GC}$	: dummy dependent variable (going concern audit opinion)
A	: constant value
B	: regression value
Tenure_AP	: audit client tenure AP
Tenure_KAP	: audit client tenure KAP

RLIT : litigation risk
Firm : audit firm size
FC : financial crisis

Variables Definition Sample

Secondary data collection using archival data collection techniques. Data were collected from the official website of the Indonesia Stock Exchange (www.idx.co.id), finance.yahoo.com, and www.idnfinancials.com in a time series for 4 consecutive years from 2017 to 2020. The population in this study are mining companies listed on the IDX during 2017 - 2020 as many as 52 companies. By non-probability sampling criteria: Companies listed on the IDX mining sector for the period 2017 – 2020, companies that do not move from or to the mining sector due to the annual classification evaluation, and Complete companies published financial statements during the study period. So the total sample is 34 companies with a total of 136 observations.

RESULT AND ANALYSIS

Descriptive Statistics of Sample Data

The results of descriptive statistical tests provide an overview or describe the object of research through the data that has been collected.

Table 1 Descriptive Data of Research Variables

Variables	Minimum	Maximum	Mean	Std. Deviation
GC	0,00	1,00	0,2721	0,44667
Tenure_AP	1,00	3,00	1,7132	0,73945
RLIT	-9,64	13,17	-7,3902	1,95610
Firm	0,00	1,00	0,4265	0,49639
FC	0,00	1,00	0,3603	0,48186

Table 2 Frequency

Variables	Frequency	Percent
Audit Firm Size		
Non-Big Four	78	57,4
Big Four	58	42,6
Total	136	100,0
Financial Crisis		
Non-Financial Crisis	87	64.0
Financial Crisis	49	36.0
Total	136	100.0
Going Concern Audit Opinion		
Non-Going Concern	99	72.8
Going concern	37	27.2
Total	136	100.0

Table 1 shows that client tenure audit data for Public Accountants (AP) for the 2017-2020 period shows a minimum value of 1 year and a maximum value of 3 years, the maximum value of audit client tenure for AP shows that there is no violation of POJK No. 13/POJK.03/2017. The litigation risk data shows that the lowest RLIT score is in FIRE (-9.64), while the highest RLIT score is in BUMI (13.17). Data audit firm size shows that there are 78 reports audited by non-

big 4 and 58 financial statements audited by big 4, out of a total of 136 financial companies reports observed (table 2). Data on the financial crisis due to COVID-19 shows that there are 87 reports published during the financial crisis and 49 reports issued during the financial crisis from the total observations (table 2). The going-concern audit opinion data shows that there are 99 non-going concern audit opinions and 37 going concern audit opinions from the total observations (table 2).

hypothesis test

Table 3 Result Wald Test

Variables	Model 1			Model 2		
	B	Wald	Sig.	B	Wald	Sig.
Tenure_AP	-0,830	5,912	0,015	-1,040	4,723	0,030
Tenure_KAP	-0,035	0,176	0,675	0,062	0,232	0,630
RLIT	1,238	13,619	0,000	1,337	13,796	0,000
Firm	-2,245	14,239	0,000	-3,295	11,754	0,001
FC	1,252	6,257	0,012			
Tenure_APxFC				0,374	0,348	0,555
Tenure_KAPxFC				-0,176	1,216	0,270
RLITxFC				-0,142	0,732	0,392
FirmxFC				1,997	2,687	0,101
Constant	10,076	12,607	0,000	10,890	13,284	0,000
R Square	0,401			0,426		

The effect of audit client tenure on going concern audit opinion resulted in a minus coefficient value (-0.830 and -1.040) and a p-value (0.015 and 0.030) <0.05. These results indicate that H1 is accepted, so it can be interpreted that audit client tenure has a significant negative impact on going-concern audit opinion.

The effect of litigation risk on going concern audit opinion produces a positive coefficient value (1,238 and 1,337) and p-value (0.000 and 0.000) <0.05. These results indicate that H2 is accepted, so it can be interpreted that litigation risk has a significant positive effect on going-concern audit opinion.

The effect of audit firm size on going concern audit opinion produces a negative coefficient value (-2.245 and -3.295) and p-value (0.000 and 0.001) <0.05. These results indicate that H3 is accepted, so it can be interpreted that audit firm size has a significant negative effect on going concern audit opinion.

The moderating variable for the financial crisis due to Covid-19 is a predictor moderating variable. This is because b5 (financial crisis) itself is significant, while variables with insignificant interactions (H4, H5, and H6 are rejected). The effect of the financial crisis due to Covid-19 on going concern audit opinion shows that the coefficient value is 1.252 and the p-value (0.012) <0.05. These results indicate that the financial crisis due to Covid-19 has a significant positive effect on going-concern audit opinion.

DISCUSSION

the longer the audit client tenure with a client, the less likely the auditor will issue a going concern audit opinion to that client. Issuance of going concern audit opinion on the first audit tenure can be caused by the auditor's assessment of the client. The auditor will be more detailed in conducting an assessment for a new audit engagement, compared to an assessment for continuing the engagement. Because the longer the audit tenure can increase the knowledge of the auditor regarding the client company. Then after obtaining a going concern audit opinion, the company tends to respond to improve and mitigate the going concern audit opinion again. Thus, the auditor has fulfilled its function in increasing the reliability of financial statement information for the benefit of all stakeholders (stakeholder theory). However, long audit client tenure can also decline in independence, professional skepticism, and professional judgment of the auditor because of the cooperative relationship. These results are consistent with Vanstraelen (2000) and Meyer et al. (2007).

There is a tendency for auditors to issue going concern audit opinions when faced with audit engagements with high litigation risk. According to the risk-based audit and the provisions in SA 315.6 and SA 240.17-18 related to risk assessment procedures, high litigation risk will make the auditor expand the nature, scope, and timing of audit procedures compared to low-risk clients. This is in accordance with the legitimacy theory. Then the high litigation risk indicates that there is a possibility of litigation costs and a high reputation decline for the auditor due to the issuance of a net opinion for a company that will be sued or filed for bankruptcy or bankruptcy. This is because many companies are unable to continue their operations or are experiencing financial problems due to lawsuits.

High litigation risk will also make the auditor more conservative. The increase in auditor conservatism towards high litigation risk will be in line with the increase in audit quality. This is in line with previous research, Sun and Liu (2011) who found that client-specific litigation risk had a positive effect on audit quality differentiation. Then the research of Giordani et al. (2020) and Bronson et al. (2017) shows that auditors are encouraged to do a lot of test work when they have identified a high risk of litigation. This study is also in line with Chy et al. (2020) which shows that auditors are more likely to issue going-concern audit opinions to clients who have high-risk litigation.

Non-big 4 audit firms tend to issue going-concern audit opinions to their clients more often than big 4 audit firms because big 4 focus more on improving their audit quality and reputation, one of them is by implementing SPM related to strict client risk assessment. Therefore the big 4 audit firms tend not to take risks by conducting engagement audits with companies that have high risks. Non-big 4 audit firms will determine a low materiality threshold in an audit engagement with a company that is indicated to experience significant going concern uncertainty. As a result, the scope of audit procedures will be wider and will increase the possibility of the auditor issuing a going concern audit opinion or a modified opinion. It aims to reduce audit risk to an acceptable low stage which can protect the auditor from costs that can harm the audit firm as a whole and to protect stakeholders from possible losses that will be experienced; this is in accordance with stakeholder theory. The results of this study are in accordance with research Tjahjani and Pudjiastuti (2017) also Sultanoglu et al. (2017).

The financial crisis due to Covid-19 did not moderate the effect of audit client tenure, litigation risk, and audit firm size on going concern audit opinions. Hence, the financial crisis has increased auditors' attention to the company's performance. The financial crisis also affected auditor conservatism as a whole, this can be seen from the increase in going concern opinions issued by auditors and additional disclosures in financial statements and independent auditor reports during the financial crisis due to Covid-19. Therefore during the financial crisis, there was no policy changes related to audit tenure to respond to changes in the business environment due to the financial crisis. However, this study found that only 2 companies (ARTI and FIRE) made voluntary changes of AP and KAP during the financial crisis, where ARTI obtained a going concern audit opinion.

The financial crisis due to Covid-19 has greatly affected the supply chains and demand globally. However, the impact of the financial crisis due to Covid-19 on entities is also influenced by the handling policies implemented in a country or region. Indonesia tends to take more conservative policies to protect the continuity and growth of the Indonesian economy. This study found that the stock returns of sample companies were still positive at 12.47 during 2020, even though the market return was -0.02. As a result, there is a significant increase in litigation risk during the financial crisis due to Covid-19. Furthermore, the financial crisis due to Covid-19 has different characteristics from previous financial crises in general (Maher et al. 2020; Nemec and Špaček 2020; OECD 2020). Big 4 audit firms and non-big 4 audit firms during the pandemic financial crisis have also been able to adjust their audit procedures during the pandemic so that they can still provide appropriate audit quality. The results is in accordance with the research of Sanoran (2018).

CONCLUSION

The results and discussion of the research have been obtained, and it can be concluded that the audit client tenure auditor has a significant negative effect on going concern audit opinion. For this reason, the longer the auditor performs an audit engagement with a client; it will reduce the possibility of the auditor issuing a going concern audit opinion to that client. The audit committee must be able to measure reliably the risk of using a public accounting firm for a long period of time in accordance with POJK. Thus, litigation risk has a significant positive effect on going concern audit opinion. Where there is a tendency for auditors to issue going concern audit opinions when faced with audit engagement with high litigation risk, in accordance with legitimacy theory. In assessing audit risk related to going concern audit opinion, the auditor must assess litigation risk or legal factors other than the company's financial factors.

Audit firms have a significant negative effect on going concern audit opinion where non-big 4 audit firms tend to issue going-concern audit opinions to their clients more often than big 4 audit firms. Subsequently, the financial crisis due to Covid-19 had a significant positive effect on going-concern audit opinion, but could not moderate the effect of audit tenure, litigation risk, and audit firm size on going-concern audit opinion where the impact of the financial crisis due to Covid-19 is different for a company or region that is affected by the fiscal policy and the handling applied.

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