

Audit Concern in Independent Auditor's Report During the Covid-19 Pandemic

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Abstract

This study aims to find out how the auditor's attention to the company's financial statements is reflected in the independent auditor's report (LAI) during the Covid-19 pandemic in Indonesia. This research is qualitative research using descriptive methods. The primary data source in this study was obtained through the 2020 issuer's annual report published on the Indonesia Stock Exchange (IDX) website. The population in this study are companies listed on the Stock Exchange, with a sample of 100 companies taken at random. This study concludes that most of the companies obtained a fair audit opinion without modification (WTP), as many as 83 companies. While the audit concerns opinions other than WTP, there are several records, including business continuity due to business losses resulting in a deficit in the entity, inadequate presentation and disclosure, accounting implications, and indications of earnings management. The audit concern in the independent auditor's report in this study has proven that the Covid-19 pandemic has had a major impact on the survival of companies in Indonesia, sequentially the most affected are the transportation, property, restaurant, hotel & tourism, investment companies, and building construction companies.

Keywords: Covid-19 Pandemic, Audit Opinion, Audit concern, Unqualified Opinion

Introduction

The COVID-19 pandemic affects all aspects of life, including corporate financial reporting. On companies, the effects generated by the COVID-19 Pandemic have severely impacted most industries, changing companies in carrying out activities, reducing or even closing certain activities, stopping travel and limiting communications with suppliers, customers or investors, reducing sales, deferring payments or reducing available costs and resources, as well as implementing work from home, all of which lead to unemployment or a reduction in employee salaries (Crucean & Hațegan, 2021).

The policy response to the outbreak has had a profound impact on everyday life and economic activity around the world. The Covid-19 pandemic has changed the practice of corporate financial reporting. Comprehensive financial reporting at an uncertain time during a pandemic plays an important role in providing quality financial information. It is very important for companies to increase transparency and report the impact of risks that may occur in times of uncertainty (Oğuz, 2021).

Investors need detailed disclosure in all areas affected by the pandemic. This is done to evaluate the going concern assumptions and forecast cash flows, users need disclosures about business strategies, business models and adaptability to new normality conditions, sources of cash flows generated, and areas of use (Efimova & Rozhnova, 2020). The financial condition of a company can be known based on its financial statements. Companies that have been listed on the stock exchange or issuers must issue financial statements in accordance with the actual condition of the issuer (Widnyani & RM, 2018).

In the audit carried out, the auditor is expected to display skepticism and professional values as well as focus on the public interest and the given ethical responsibility, continue to apply the principles contained in the audit standards in full, and fulfill the basic principles of professional competence, confidentiality, objectivity, independence, concern and professional skills, and behavior, as the keys that will preserve and build public trust in auditors (Nugrahanti, 2013; Kakaa, 2021).

Research that explores the condition of independent auditors' reports in crisis conditions has not been widely discussed in Indonesia. This paper is expected to provide insight to the reader about what things happen to issuers during a crisis and what information the auditor conveys regarding issuers during a crisis that can be seen from the independent auditor's report.

From the background above, the focus of the problem in this research is: (a) What is the result of the audit opinion during the Pandemic issued by the auditor? and (b) What matters are of concern to the auditor (audit concern) in audits conducted during the Covid-19 Pandemic? (c) Which sub-sector in the stock exchange gets the highest audit concern? and d) What is the profile of the Auditor who gives the highest audit concern?

The purpose of this study is to find out what matters are the concerns of the audit when conducting audits during the crisis due to the Covid-19 pandemic, so as to provide confidence to users of financial statements in making economic decisions during and after the pandemic. While the benefits of the research are to provide information to readers regarding the condition of the financial statements of issuers on the IDX to be used in investment decisions during a crisis, and practical benefits, as input for audit practitioners to maintain professional skepticism in conducting audits in times of crisis to maintain public trust in auditors

Literature Review

The audit opinion is the opinion given by the auditor on the fairness of the presentation of the Financial Statements of an entity (Muslih & Amin, 2018). According to the Professional Standards of Public Accountants (SA Section 508), the audit opinion submitted in the audit report is divided into five categories, namely: 1) Unqualified opinion, 2) Unqualified opinion with explanatory language, 3) Fair with an exception (Qualified Opinion), 4) Not fair (Adverse Opinion), 5) Not giving an opinion (Disclaimer Opinion).

The regulation of audit opinion in SPAP is detailed in SA 700, SA 705, and SA 706. The SA regulates the criteria for granting each opinion on the audited financial statements. Matters that are regulated in SA 706 are related to the Opinion with the Emphasis of One Matter paragraph and the Other Matter paragraph. ISA 706 explains that an emphasis on one matter paragraph and another paragraph are not substitutes for giving the auditor's opinion on financial statements. The use of SA 706 is to provide audit opinion related to the go concerned or going concerned of an entity.

Furthermore, in paragraph 19 of the Auditing Standard 570 concerning Going Concern, it is emphasized to the auditor about the basis of the opinion that can be given by the auditor in the event that adequate disclosures have been included in the financial statements. In this case, the auditor must express an unmodified opinion referring to Auditing Standard 700 concerning the Formulation of an Opinion and Reporting on Financial Statements. Furthermore, if the auditee does not make adequate disclosures that are not included in the financial statements, in accordance with paragraph 20 of Auditing Standard 570, the auditor must provide a modified or unqualified opinion by referring to Auditing Standard 705 on Modifications to Opinions in the Independent Auditor's Report.

Given the importance of the role of independent auditors in presenting assumptions and opinions on audited financial statements, during the Covid-19 pandemic, auditors are required to increase skepticism in carrying out audit assignments. The Indonesian Institute of Certified Public Accountants (IAPI) states that public accountants must be able to uphold credibility, objectivity, and independence in carrying out assignments under any conditions (Indonesian Institute of Certified Public Accountants, 2020).

Some of the literature that discusses the effects of the Covid-19 pandemic on auditors is related to the limitations of on-site assignments to conduct audits. From a statistical point of view, companies that present the effects of the pandemic in their financial statements are related to auditor size, audit opinion, and the average number of auditors. Research result from Crucean, & Hațegan (2021) shows that the auditor performs an assessment of the risks that arise as a result of certain events, presents matters of uncertainty that have no impact in some cases, but also uncertainties that have an impact on the going concern of some companies. Therefore, in providing an audit opinion related to going concern to the auditee, the auditor must have in-depth understanding and continuous identification (Mahmuda and Nurmala, 2020) and requires a risk reassessment that refers to special conditions as an additional alternative to data acquisition procedures (Darmayasa & Dayani, 2022). To achieve this, KAP can maintain and improve audit quality by providing

education and training to auditors and providing incentives in accordance with performance achievement (Budiandru, 2021).

During the pandemic, there was limited empirical evidence regarding accounting implications, namely the application of accounting engineering techniques, among others, fair value engineering, big-bath accounting, loss avoidance, and earnings management techniques (income smoothing). The implications of the application of these accounting techniques can help reduce the impact of the pandemic on the company's financial performance (Ozili, 2021).

Research result written by Lassoued & Khanche (2021), shows that companies tend to carry out earnings management during the pandemic period compared to the previous period. The research in question implies a decline in the reliability of financial reports during the COVID-19 pandemic. Further analysis provides evidence of earnings management with large revenue increases during 2020 and companies increasing profits by reducing reported loss rates to rebuild investor and stakeholder confidence.

In addition, according to Hameed & Adekunle (2021), there is a significant difference between financial reporting published before and during the COVID-19 pandemic era. The COVID-19 pandemic has had a major impact on events after the reporting period, corporate going concern, interim financial reporting, and changes in expected credit losses for financial assets.

Livermore and Dezan (2020) stated that food and beverage, retail business, real estate, and travel companies experienced the biggest declines in China. While in the United States, the largest decline occurred in the travel and clothing business. As a result, the unemployment rate is expected to increase by 13% in the next 12 months and possibly last for another five years Coibion et al. (2020). Financial factors, business contracts, and stakeholders have an impacting relationship with financial reporting and disclosure practices during the COVID-19 pandemic period. However, business operations and business values do not have an impactful relationship with financial reporting and disclosure practices (Sultana et. al., 2021).

During the COVID-19 pandemic, public companies experienced an increase in their leverage ratio and short-term activity ratio, but there was a decrease in their liquidity ratio and profitability ratio. There are no differences that have an impact on the liquidity ratio and leverage ratio, but there are differences that have an impact on the profitability ratio and short-term activity ratio before and during the COVID-19 pandemic. The sector that experienced an increase in the liquidity ratio, profitability ratio, and short-term activity ratio but a decreasing leverage ratio was the consumer goods sector, while the sector experiencing a decrease in the liquidity ratio and profitability ratio was the property sector, real estate, plantation, building construction, finance, trade, services, and investment (Devi et. al., 2020).

With the framework below, the author tries to explore how the auditor finds and discloses four conditions, namely: going concern, accounting implications, earnings management, and reporting & disclosure in the independent auditor's report according to the professional standards of public accountants. This research is expected to be able to answer questions from users of financial statements regarding the effectiveness of audits during the Covid-19 pandemic.

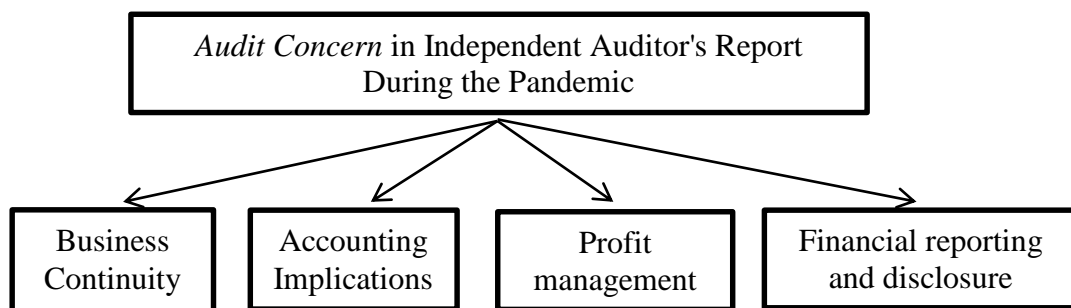


Figure 1. Thinking Framework

Research Methods

This study uses a qualitative approach to describe the problems and research focus. Qualitative methods are social research steps to obtain descriptive data in the form of words and pictures. This is following what was expressed by Moleong (2016) that the data collected in qualitative research is in the form of words, pictures,

and not numbers. The method in this study is a descriptive method, to investigate the situation or other things that have been mentioned, and the results are presented in the form of a report (Arikunto, 2013). The secondary data sources in this study were obtained from the Indonesia Stock Exchange website related to the themes discussed which were obtained by researchers indirectly or through documents (Sugiyono, 2014).

Population and Sample

Based on data on the position of issuers on December 31, 2020, on the Indonesia Stock Exchange website, the population in this study was 713 issuers. The number of samples needed to conduct this research is to use the Slovin formula. The use of the Slovin formula because it can be done with simple formulas and calculations. Accuracy of sampling error that can still be tolerated; $e=0.1$. The value of $e = 0.1$ (10%) for a large population, and the value of $e = 0.2$ (20%) for a small population. The percentage of allowance used is 10%, and the calculation results can be rounded to achieve conformity. To find out the research sample, after calculating with the formula, a minimum sample of 88 issuers was obtained. The sampling method was carried out by random sampling not considering sectors and sub-sectors.

Variable Operation

The dimensions and indicators compiled by the author in this study are as Table 1 below.

Table 1 Research Dimensions and Indicators

Dimension		Indicators in this study
A	Business Continuity Efimora & Rozhnova (2020) Crucean & Hațegan (2021) Mahmuda & Nurmalia (2020)	In the LAI, information regarding the occurrence of certain events that cause uncertainty has an impact on the business continuity of the Issuer
B	Accounting Implications Ozili, PK (2021) Hameed & Adekunle (2021)	In the LAI, information related to changes in the Issuer's accounting policies is provided
C	Profit management Lassoued & Khanchel (2021)	In the LAI, information is provided regarding the inaccuracy of the Issuer's presentation
D	Reporting and Disclosure Sultana et. al. (2021) Devi, et. al. (2020)	In the LAI it is disclosed that there is information about accounts that are not properly disclosed and/or not in accordance with accounting standards.

Source: Processed by the Author

Results and Discussion

Based on the population of 713 issuers listed on the Indonesia Stock Exchange (IDX) as of December 31, 2020, the authors took a sample of 100 issuers at random. From the sample of 100 issuers used as samples, data on issuers according to the issuer sub-sector are obtained as shown in Table 2 as follows,

Table 2 Research Sample Data

No	Sub Sector	Sub Sector Member	Sample	% Of Total Sample	% Of Sub Sector
1	Automotive & Components	13	1	1%	8%
2	Computer & Services	11	1	1%	9%
3	Energy	8	1	1%	13%
4	Machinery & Heavy Equipment	5	1	1%	20%
5	Plastics & Packaging	14	1	1%	7%
6	Telecommunication	6	1	1%	17%
7	Toll Road, Airport, Harbor & Allied Products	7	1	1%	14%
8	Cement	6	2	2%	33%
9	Cosmetics & Household	6	2	2%	33%
10	Financial Institution	16	2	2%	13%
11	Insurance	17	2	2%	12%

12	Metal & Allied Products	17	2	2%	12%
13	Non-Building Construction	14	2	2%	14%
14	Others –Trade and Service	25	2	2%	8%
15	Pharmaceuticals	11	2	2%	18%
16	Pulp & Paper	9	2	2%	22%
17	Textile, Garment	22	2	2%	9%
18	Tobacco Manufacturers	5	2	2%	40%
19	Bank	45	3	3%	7%
20	Building Construction	18	3	3%	17%
21	Crude Petroleum & Natural Gas Production	13	3	3%	23%
22	Investment Company	11	3	3%	27%
23	Advertising, Printing & Media	19	4	4%	21%
24	Plantation	20	5	5%	25%
25	Wholesale (Durable & Non-Durable Goods)	48	5	5%	13%
26	Coal Mining	24	6	6%	25%
27	Restaurant, Hotel & Tourism	41	6	6%	15%
28	Retail Trade	25	6	6%	24%
29	food and beverage	34	8	8%	24%
30	Transportation	44	9	9%	20%
31	Property & Real Estate	75	10	10%	13%
	Total	629	100	100%	
	Average	20	3.2	3.2%	18%

Source: Processed by the Author

The sample obtained in general has exceeded 100% of the planned sample and has reached 31 sub-sectors of the 35 sub-sectors listed on the IDX. Under these conditions, the author believes that the sample obtained is relevant and reliable for use in this study. Meanwhile, in this study, there are 31 Public Accounting Firm (KAP) that have audited 100 issuers that have been sampled, with details in Table 3 as follows:

Table 3 Names of KAP Conducting Audit Engagements

No	KAP Name	Amount
1	KAP Purwanto Sungkoro & Surja	17
2	KAP Tanudiredja, Wibisana, Rintis & Partners	11
3	KAP Amir Abadi Jusuf, Aryanto, Mawar & Partners	8
4	KAP Kanaka Puradiredja, Suhartono	8
5	KAP Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Partners	6
6	KAP Tanubrata, Sutanto, Fahmi, Bambang & Partners	5
7	KAP Heliantono & Partners	4
8	KAP Imelda and Partners	4
9	KAP Mirawati Sensi Idris	3
10	KAP Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Partners	3
11	KAP Rama, Wendra and Partners	3
12	KAP Teramihardja, Pradhono & Chandra	3
13	KAP Gideon Adi & Partners	2
14	KAP Johan Malonda Mustika & Partners	2
15	KAP Siddharta Widjaja & Partners	2
16	KAP Soejatna, Mulyana & Partners	2
17	KAP Suharli, Sugiharto, & Partners	2
18	KAP Tjahyadi & Tamara (Morison Ksi)	2

19	KAP Antadaya, Helmiansyah, and Yassirli	1
20	KAP Anwar & Partners	1
21	KAP Aria Kanaka & Partners	1
22	KAP Doli, Bambang, Sudarmadji & Dadang	1
23	KAP Hendrawinata Hanny Erwin & Sumargo	1
24	KAP Hendrik & Partners	1
25	KAP Hertanto, Grace, treasurer	1
26	KAP Jamaludin, Ardi, Sukimto & Partners	1
27	KAP Jimmy Budi and colleagues	1
28	KAP Johannes Champion and Partners	1
29	KAP Maksum, Suyamto, Hirdjan	1
30	KAP Satrio Bing Eny & Partners	1
31	KAP Y. Santosa & Partners	1
	Total	100

Source: Processed by the Author

Researchers have seen audited data in the 2020 annual report that has been audited on the IDX website. From the results of the compilation of audit results from the 31 auditors above, it was found that the Independent Auditor's Reports (LAI) from 100 issuers, 83 issuers or 83% of the majority of the opinions given by the auditors were Unqualified Opinion (WTP). More in Table 4 below.

Table 4 Description of Independent Auditor's Report (LAI)

Auditor's Opinion	Amount	%
Unqualified Opinion (WTP)	83	83%
Qualified Opinion (WDP)	9	9%
Disclaimer of Opinion (TMP)	8	8%
Adverse Opinion (TW)	0	0%
Total	100	100%

Source: Processed by the Author

Audit Concern in LAI

From the results of the LAI obtained in the audited annual report, the author conducts an analysis of "emphasis on a matter" or "the basis for giving opinions other than fair without modification" following SA 706 (hereinafter referred to as audit concern/AC) which is stated in the main audit reports on all LAI, both WTP and otherwise. From this, the author categorizes the auditee's condition according to the facts listed by the auditor in the LAI. Furthermore, the author identifies the existing conditions into four categories, namely: 1) Business Continuity (BC), 2) Accounting Implications (AI), 3) Earnings Management (EM), and 4) Presentation and Disclosure (PD). There is a condition wherein one LAI there is more than one emphasis in the audit opinion given. Furthermore,

Table 5 Audit Concern (AC) in Audit Opinion

No	Audit Concern (AC)	TMP	TW	WDP	WTP	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Accounting Implications (AI)	0	0	0	3	3
2	Business Continuity (BC)	5	0	1	18	24
3	Accounting Implications (AI) and Business Continuity (BC)	0	0	0	1	1
4	Business Continuity (BC) and Presentation & Disclosure (PD)	0	0	2	2	4

5	Earnings Management (EM) and Presentation & Disclosure (PD)	2	0	3	1	6
6	Presentation & Disclosure (PD)	1	0	3	2	6
7	No Emphasis in Audit Opinion	0	0	0	56	56
	Total	8	0	9	83	100

Source: Processed by the Author

Based on the LAI obtained, here are some examples in the main sentence of the LAI as “emphasis on a matter” or “audit concern (AC)” in the LAI.

Business Continuity

Example 1:

“The spread of the corona pandemic (Covid-19) creates uncertainty in global economic conditions including Indonesia in the future which can have an impact on the finances and performance of PT XYZ Tbk in the future. The policies taken by the government to overcome these conditions, including events that may arise in the future are beyond the control of PT XYZ Tbk. The accompanying Financial Statements do not include disclosures that may arise as a result of these uncertainties.”

Example 2:

“As of December 31, 2020 the Company experienced a deficit of Rpyyyy, and the Company's current liabilities exceeded its current assets of Rpxxxx. As explained in note 29 to the consolidated financial statements, it is revealed that the Company's business continuity is expected with the presence of new shareholders to support the progress of the Company.

We bring attention to Note 30 to the accompanying financial statements which contain management's explanation of the uncertainty regarding the possible impact of the Covid-19 pandemic on the Company's business and finances. Our opinion is not modified in this regard.”

Accounting Implications

“Without modifying our opinion, we bring attention to notes 2 and 38 to the Financial Statements which disclose changes in accounting for financial instruments related to the statement of Financial Accounting Standards (PSAK) No. 71. “Financial Instruments”, PSAK No. 71, “Financial Instruments”, PSAK No. 72, “Revenue from Contracts with Customers” and PSAK 73, “Leases”, Comparative information as of and for the year ended December 31, 20xx previously audited and comparative information as at January 1, 20XY (derived from Financial Statements that have been previously audited for the year ended December 31, 20XY has been restated. Our opinion is not modified in this regard.”

Profit management

“As described in note 8 to the accompanying consolidated financial statements, as of December 31, 2020, the book value of property, plant and equipment amounted to Rpxxx. According to PSAK No. 48 (revised 2014) regarding “Impairment of Assets Value”, at the end of each reporting period. Entities are required to assess whether there are indications of impairment of assets owned by the Company. As of December 31, 2020, the Company's management has not assessed any indications of impairment and has estimated the recoverable amount of all of its fixed assets.”

Presentation and Disclosure

“As of December 31, 2020, the Group did not record investments in other companies with its subsidiary PT ABC Tbk, using the equity method in accordance with Statement of Accounting Standards No. 15 concerning Investments in Associates and Joint Ventures (PSAK 15).”

In more detail, the things that happened in the audited financial statements during the pandemic are: (1) in general, all issuers who receive unqualified opinion (WTP) with an emphasis on a matter or audit concern related to Auditing Standard 570 on Business Continuity and some of which are related to the application of the new PSAK namely PSAK 71, 72 and 73, and (2) in particular, for issuers that receive opinions other than WTP, there are additional notes from the auditor, namely regarding matters including a) business losses resulting in a deficit in the entity, b) entity assets controlled by other parties due to outstanding loans, c)

account disclosures liabilities (in this case current liabilities), asset accounts (mainly receivables and allowance for receivables) so that equity accounts are not believed to be fair, d) decrease in assets is not believed to be fair.

This research is in line with research conducted by Devi, et. al. (2020) which stated that during the pandemic there was an increase in the leverage ratio and short-term activity ratio, but there was a decrease in the liquidity ratio and profitability ratio of public companies during the COVID-19 pandemic, research by Hameed & Adekunle (2021) which states COVID-19 has a major impact on events after the reporting period, the going concern of companies and changes in expected credit losses for financial assets, and last research. Crucean & Hațegan (2021) states that auditors assess the risks posed by the events reported by the company, where the event presents matters of uncertainty that have no impact in some cases, but also uncertainties that have a significant impact on the going concern of some entities.

Furthermore, from the above explanation which is the basis for the auditor to provide an audit opinion other than a fair opinion without modification, it can be concluded that this research is in line with Ozili, PK (2021) who concluded that the pandemic there was limited empirical evidence about accounting practices or techniques. To beautify financial statements such as the application of "engineering" accounting records such as "playing fair value", write-off of accounts receivable, avoidance of losses, and earnings management techniques. This research is also in line with research Lassoued & Khanchel (2021), who found that corporate entities tend to carry out earnings management during the pandemic period compared to the previous period.

An issuer with the Highest Audit Concern

In this study, we conclude that five sub-sectors experienced contraction conditions that had a major impact following the findings of the auditors in the LAI who received audit opinions outside of the modified fair opinion. The government's policy of restricting mobility during the 2019 to 2021 period is expected to hit the transportation sub-sector for the first time.

The transportation sub-sector received eight auditor attention events in the sample of this study with a figure of 69% based on the average percentage of the sample and the number of members of the sub-sector on the IDX (assuming that there were no events for other stock exchange members). The auditor's attention to the transportation sub-sector in the LAI is: a) experiencing the highest business uncertainty (BC) (Figure 4), inadequate Presentation and Disclosure (PD) (Number 2), and the remaining inadequate Presentation and Disclosure (PD), Doubtful Business Continuity (BC) and Earnings Management (EM) which are suspected to occur in issuers in the transportation sub-sector.

Likewise, the property sub-sector experienced almost the same thing as the transportation sub-sector which received quite high attention, namely 58%, based on the average percentage of the sample and the number of members of the sub-sector (assuming there were no events for other members). The rest include Restaurants, Hotels & Tourism, Investment Companies, and Building Construction also received high attention. More in Table 6 below.

According to Table 6 below, it is concluded that the highest audit concern is Business Continuity (BC) with a total of 22 audit concerns (18 plus Accounting Implications (AI) and Presentation and Disclosures (PD) of one and three audit concerns respectively). The next audit concerns are PD with a total of 11 audit concerns (four plus audit concerns parallel to BC and Earnings Management (EM) each three and four audit concerns respectively). In the same way, for the next sequence, AI and EM each get four audit concerns.

This study is in line with Devi et. al. (2020) who states that the sectors experiencing a decline in the liquidity ratio and profitability ratio are the property, building construction, services, and investment sectors. This is also in line with Livermore and Dezan (2020) who state that the companies experiencing the biggest declines in China are food and beverage, retail business, real estate, and travel, and Coibion et. al. (2020) who found that the biggest decline was in the travel business.

Table 6 Sub-Sector with the Highest Audit Concern

No	Sub Sector	Audit Concern (AC)	2	3	4	5	6	7	8	9
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		AI	EM	EM & AI	BC & PD	EM & PD	PD	Amount					
(1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)	(11)	(12=10/11)	(13)	(14=10/13)	(15=14+12)/2
1	Transportation	-	4	-	1	1	2	8	9	89%	44	50%	69%
2	Property & Real Estate	2	1	-	1	1	1	6	10	60%	75	56%	58%
3	Building Construction	-	2	1	-	-	-	3	3	100%	18	17%	58%
4	C. Petroleum & Natural Gas Production.	-	3	-	-	-	-	3	3	100%	13	17%	58%
5	Investment Company	1	1	-	1	-	-	3	3	100%	11	17%	58%
6	Machinery & Heavy Equipment	-	1	-	-	-	-	1	1	100%	5	6%	53%
7	Retail Trade	-	3	-	-	1	-	4	6	67%	25	33%	50%
8	Restaurant, Hotel & Tourism	-	2	-	-	1	-	3	6	50%	41	33%	42%
9	Financial Institution	-	-	-	-	-	1	1	2	50%	16	11%	31%
10	Textile, Garment	-	1	-	-	-	-	1	2	50%	22	11%	31%
	Total	3	18	1	3	4	4	33	45	73%	270	12%	43%

Source: Processed by the Author

Sub-Sector with Unqualified Opinion without Audit Concern

Table 7 Issuers in Sub-Sector Without Audit Concern

No	Sub Sector	WTP opinion	Sample	% Of Sample	Members	% of Members	% Average
(1)	(2)	(3)	(4)	(5)=(3)/(4)	(6)	(7)=(3)/(6)	(8)=(5+7)/2
1	Tobacco Manufacturers	2	2	100%	5	40%	70%
2	Cosmetics & Household	2	2	100%	6	33%	67%
3	Plantation	5	5	100%	20	25%	63%
4	Pulp & Paper	2	2	100%	9	22%	61%
5	Pharmaceuticals	2	2	100%	11	18%	59%
6	Non-Building Construction	2	2	100%	14	14%	57%
7	Toll Road, Airport, Harbour & Allied Prod.	1	1	100%	7	14%	57%
8	Energy	1	1	100%	8	13%	56%
9	Insurance	2	2	100%	17	12%	56%
10	Computer & Services	1	1	100%	11	9%	55%
11	Others - Trade & Service	2	2	100%	25	8%	54%
12	Automotive & Components	1	1	100%	13	8%	54%
13	Plastics & Packaging	1	1	100%	14	7%	54%
14	Bank	3	3	100%	45	7%	53%
	Total	27	27	100%	205	13%	57%

Source: Processed by the Author

In this study, the author also analyses the sub-sector of issuers that obtain a fair opinion without modification (Unqualified Opinion) and do not get concerned from the auditor regarding business continuity, accounting implications, or others. The analysis is carried out by comparing the “clean” WTP opinion according to the sample and the number of members of the sub-sector on the IDX. To determine the order, the results of the two comparisons are then averaged. From the comparison results, obtained the order of 14 sub-sectors of issuers that are categorized as "clean", both in terms of audit opinion and from the emphasis on a matter conveyed by the auditor. The first position is occupied by the cigarette industry sub-sector, followed by the cosmetics & household industry, and then plantations. More details can be seen in Table 7 below. The results of this study are in line with Devi, et. al. (2020) who found that the sector that experienced an increase in liquidity ratios, profitability ratios, and short-term activity ratios but decreased leverage ratios was the consumer goods sector. Cosmetics & Households in this case are consumer goods that are relatively still surviving during the pandemic.

LAI Publishing Public Accounting Firm Profile

In this study, 31 public accounting firms (KAP) audited 100 issuers of financial statements for 2020. The distribution of KAP is shown in Table 8 below.

Table 8 Independent Auditor's Report (LAI) KAP

No	Amount LAI KAP	KAP		Opinion					
		Amount	%	TMP	TW	WDP	WTP	Amount	%
1	On 1-2 Issuers	19	61%	3	0	2	20	25	25%
2	At 3-4 Issuers	6	19%	2	0	5	13	20	20%
3	At 5-7 Issuers	2	6%	0	0	1	10	11	11%
4	At 8-10 Issuers	2	6%	1	0	1	14	16	16%
5	At >10 Issuers	2	6%	2	0	0	26	28	28%
	Total	31	100%	8	0	9	83	100	100%

Source: Processed by the Author

The distribution of KAP assignments to issuers on the Indonesia Stock Exchange (IDX) based on the table above is uneven. There are two KAPs that conduct audit engagements to 28 sampled issuers, with each of 17 and 11 issuers, and in the next sequence, there are two other KAPs that carry out 16 assignments, each of eight issuers, while on the other hand there are 19 KAPs that audit 25 issuers. From the data above, then the author will detail the profile of the KAP that provides audit concerns in the LAI. Of the 83 audit opinions stating unqualified opinion, there are 27 with audit concerns and 56 with no audit concerns as shown in Table 9 below.

Table 9 KAP Providing Audit Concern (AC)

No	Audit Assignment	There aren't any AC in LAI		There are any AC in LAI							
		Amount	%	ML	IA	KU & PP	PP	KU & IA	ML & PP	Amount	%
1	8-10 Issuers (2 KAP)	5	16%	5	2	0	1	1	0	9	33%
2	1-2 Issuers (19 KAP)	19	61%	2	1	2	1	0	1	7	26%
3	3-4 Issuers (6 KAP)	3	10%	4	0	0	0	0	0	4	15%
4	> 10 Issuers (2 KAP)	22	71%	4	0	0	0	0	0	4	15%
5	5-7 Issuers (2 KAP)	7	23%	3	0	0	0	0	0	3	11%
	Total	56	100%	18	3	2	2	1	1	27	100%

Source: Processed by the Author

From Table 9 above, it is known that the highest audit concern is given by two KAPs that engage in 14 issuers with unqualified opinion as many as nine audit concerns. From our deeper analysis, it can be seen that the highest audit concern was given by one KAP (hereinafter referred to as “KAP AXZ”) of seven LAI. In addition

to KAP AXZ, the second highest KAP concern is one KAP which gives all ACs to the three LAI it issues (hereinafter referred to as KAP TXZ) (as listed in no. 3 Table 9).

As previously discussed, the highest audit concern submitted by KAP is Business Continuity (BC) with a total of 21 audit concerns (after adding audit concerns that are parallel to Accounting Implications (AI) and Presentation and Disclosures (PD) of one and three audit concerns, respectively). The next audit concern is PD with a total of 11 audit concerns (after adding audit concerns parallel to BC and Earnings Management (EM) respectively three and four audit concerns. In the same way, the next sequence is AI and EM, obtained four audit concerns respectively.

This research is in line with the research of Crucean & Hațegan (2021) which states that the auditor assesses the risks posed by the events reported by the company, by presenting the uncertainty of the impact on the going concern of some entities.

Related to the auditor size related to the presentation of the pandemic effect in the audited financial statements or LAI, this study found that there was no relationship between the presentation of audit concerns with the number of auditors/partners, audit opinions issued, and the average number of auditors. It is evidenced because in this study the concerns presented by auditors vary widely, two KAPs conduct audit on 28 issuers, both of them have a large auditor/partner size, only present four audit concern in the LAI. Meanwhile, 19 KAPs conduct audit to a sample of 26 issuers, all of them fall into the category of KAP with a smaller auditor/partner size, present seven audit concern in the LAI those have issued. This research is not in line with the research from Crucean & Hațegan (2021) which states that the disclosure of the impact of the pandemic in the audited financial statements is related to the size of the auditor, the opinion issued by them and the average number of auditors.

Conclusion, Limitations, And Recommendations

In general, all issuers that obtain an unqualified opinion (WTP) with audit concern are related to going concern, and some of them are related to the implementation of the new Indonesian accounting standard (PSAK), namely PSAK 71, 72, and 73. Meanwhile, for issuers that obtain an opinion other than WTP, the auditor provides notes on matters such as: a) there is an operating loss that results in a deficit in the entity, b) the entity's assets are controlled by other parties due to overdue loans, c) disclosure of liability accounts (in this case current liabilities), insufficient disclosure of asset accounts (especially receivables and allowances for receivables) so that the accounts receivable equity is not believed to be reasonable, d) decline in assets is not believed to be reasonable, e) accounting implications and f) indications of earnings management. The sub-sector that experienced the most decline during the pandemic was the transportation sub-sector. The auditor's attention to the transportation sub-sector in the LAI is the existence of business uncertainty and inadequate Presentation and Disclosure. The next sub-sector in a sequence is Property, Restaurant, Hotel & Tourism, and Investment Company and Building Construction. In addition, it was found that the distribution of KAP audit assignments to issuers on the IDX was not evenly distributed among KAPs registered with the capital market authorities. Audit concerns presented by auditors vary widely. There is no relevance between the presentation of audit concerns in the LAI and the number of auditors/partners, audit opinions issued, and the average number of auditors. The limitations of this paper are the data obtained are secondary and the lack of journal references that discuss the condition of the independent auditor's report in the current Pandemic condition so the analysis outlined in this paper is still simple. The author recommends that in the next writing, primary data can be added through surveys or KAP and auditors who conduct audits during Covid-19 Pandemic.

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