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The Role of Profitability in Moderating the Influence of Liquidity and Leverage on Audit Opinion

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ABSTRACT: The auditor issued an audit opinion to determine the risk of uncertainty regarding the condition of the company to continue operating where COVID-19 is spreading rapidly. This research aims to look at the influence of liquidity and leverage on audit opinion in the consumer goods sector listed on the Indonesia Stock Exchange in 2020, with profitability as a moderation variable. The research model uses a causal-comparative design and binary logistic regression analysis with secondary data types. 188 consumer goods sector companies listed on the Indonesia Stock Exchange, in 2020, met the criteria for being the research sample. The results of the study showed that liquidity and leverage simultaneously affect audit opinion. Partially, liquidity has no influence on audit opinion, while leverage partially affects audit opinion. Profitability as moderation is able to strengthen the influence of liquidity on opinions but is not able to moderate the influence of leverage on audit opinions. The limitation in this study is that it only selects the company's internal factors. Further researchers are expected to consider other free variables such as auditor turnover, and opinions submitted by auditors in the previous period, as well as using other sectors such as the real estate property sector. The leverage factor can be used as reference data for auditors to see how the company is able to maintain the condition of the company to avoid bankruptcy in the pandemic.

KEYWORDS: Audit Opinion, COVID-19, Liquidity, Leverage, Profitability.

INTRODUCTION

Survival is the main goal of the company's pioneering, which is closely related to how a company is able to survive in the long term in all financial conditions (Hardi et al., 2020; Ramadhani & Sulistyowati, 2020). As in the current conditions, where the spread of the COVID-19 virus is increasingly widespread, it affects all sectors of the company in Indonesia (Erlina et al., 2020; Falefi et al., 2020). The consumer goods sector is one of the sectors that has had an impact on weakening economic conditions. Some of the leading companies in the sector, such as PT. Hero Supermarket, Tbk., noted the impact of the spread of the COVID-19 virus, which is quite severe and related to the survival of their business. In the 2020 financial statements, Hero Supermarket, Tbk. posted a decrease in revenue of 26.98%, or on an annual basis of Rp 3.29 trillion (Kurniawan & Prajanto, 2021). These conditions may give an indication of doubts about maintaining the company's operational activities and uncertainty over the company's survival. An independent auditor is required to provide an opinion on the financial statements provided as a neutral third party. The auditor will issue an audit opinion report as information that is important for all stakeholders to know the sustainability of the company (Zurachman, 2021).

The condition of the spread of COVID-19 is becoming increasingly widespread until the end of 2020, when almost all companies in the consumer goods sector have decreased their level of profitability. The level of profitability becomes a picture of the company's ability to obtain positive business profits (Syahzuni, 2019). When profitability decreases, it reflects the company's operations that are running in poor condition with respect to the management of resources owned in obtaining a positive operating profit in a certain period. If the company has a declining level of profitability and generates negative profits at any time, it will be a bad signal for external parties, such as investors, because the company is considered to have poor prospects and is likely to experience bankruptcy in the future (Gantino & Susanti, 2019; K. S. Gunawan et al., 2019).

The decrease in profitability due to the COVID-19 pandemic conditions raises uncertainty related to the company's ability to pay off current debts (F. H. Gunawan, 2021). Liquidity reflects the company's ability to pay off current debt before maturity using existing current assets (Abdurrahman & Raharjo, 2020). A company's operations will run smoothly if it has a high level of liquidity, which will increase investor confidence in the company's ability to invest. Liquid companies are considered to have good survival for the long term (Sari, 2020). But in the current conditions, the level of liquidity from consumer goods sector companies has

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decreased greatly due to the profit obtained at a relatively negative value. Companies with low liquidity levels are likely to run the risk of failure to pay off all their current debts, and auditors are most likely to issue reasonable audit opinions with modifications due to the emergence of doubts over the company's financial condition due to these risks (Firmansyah et al., 2021).

The widespread COVID-19 pandemic also impacted corporate debt policy (leverage). Due to negative operating income, the company will fund more of its asset management through debt, which results in higher levels of leverage. The high level of leverage describes the company in poor condition because the funding is too large and funded by debt rather than from internal capital (Hermanto & Kurniasih, 2020). If total debt increases while assets do not increase, then the company is increasingly at risk of failure to repay its loans. This will reduce the level of trust on the part of investors so that it will have an impact on the loss of funding from the investor and the investor is likely to receive a reasonable audit opinion with explanations from the auditor regarding these conditions (Putri & Ramadhan, 2020).

The results of the research Hardi *et al.* (2020) explained that the provision of audit opinions is strongly influenced by audit opinions given in the previous period. On the other hand, factors such as the change of auditor, financial condition, and quality of the audit do not affect the provision of audit opinions. The results of the research Hardi *et al.* (2020) that is a reference in this study imply that the auditor must consider his audit opinion issued in the previous period to issue an audit opinion at this time, where the company's previous condition was used as an initial description to start the audit process. Nevertheless, the fundamental difference between this study and the others lies in the period studied. This study covers the period where the COVID-19 pandemic occurred, namely in 2020. The research will also focus on the influence of liquidity and leverage ratios on audit opinions that moderate profitability ratios for consumer goods sector companies in the time of the COVID-19 pandemic.

This research aims to look at the influence of liquidity and leverage on audit opinions provided by auditors with profitability as variables that moderate that influence on consumer goods sector companies in the time of the COVID-19 pandemic. It is known that the spread of the COVID-19 virus has a huge impact on all sectors, including the consumer goods sector. According to the Fiscal Policy Agency, the performance of the consumer goods sector is still weakening in line with the return of consumption levels from the community as in the period before the pandemic (Kacaribu, 2021). However, the sector is still considered to have prospects for maintaining survival. This is the reason researchers set the consumer goods sector as the object of research.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Signaling Theory

In his research entitled "Job Market Signaling", Spence (1973) explained that signaling theory has two aspects: the management that plays a role in providing signals and the receivers, such as investors, who receive signals from company management. Signal theory is used to explain how a company conveys a signal to interested parties, such as investors, who use the information as a consideration in business decision making (Brigham & Houston, 2011).

According to Brigham & Houston (2019), signal theory is a step taken by management to provide information to outsiders, such as investors, regarding the outlook from management regarding the prospects of the company's future value. Financial statements are used by management as a means to provide signals about the financial condition and operational activities of the company. The investor will analyze the information conveyed by the management through the financial statements as a good signal or a bad signal. If investors consider that the information conveyed by the management is a good signal, then they will decide to invest in the company, and vice versa.

Audit Opinion

Arens *et al.* (2017) explain that submissions related to the company's performance to interested parties can be submitted through financial statements and must have been audited by independent auditors. The purpose of auditing financial statements is to determine the health condition of the company, which includes the financial condition and operational performance of the company. As for the results of the audit process in the form of opinions from the auditor on audited financial statements, According to Blay *et al.* (2018), an audit opinion is an auditor's view of the fairness of financial statements compiled and presented by the company. There are two types of opinions generally issued by the auditor in carrying out their duties, namely: unqualified opinion and reasonable opinion with modification (qualified opinion). A fair audit opinion with modifications is divided into three, namely: reasonable opinion with an explanatory paragraph (modified unqualified opinion), adverse opinion, and an audit opinion that states the auditor does not give an opinion on the audited financial statements (disclaimer of opinion).

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Blay *et al.* (2018) argue that in carrying out the audit process, it is not always in every period that the auditor issues a reasonable audit opinion without exception. Sometimes, under certain conditions, the auditor will issue a reasonable opinion with modifications, as in collecting evidence, the auditor may find information that raises questions about the client's ability to continue his or her survival. From the information found by the auditor, the auditor is most likely to issue a reasonable audit opinion with modifications.

Liquidity

According to Horne & Wachowicz (2008), liquidity is a financial ratio that indicates the ability of a company to pay off its current debt before maturity with assets that are easy to convert into cash. Liquidity refers to the ability of the company to pay off all its current debts. If the company's liquidity tends to be low or decrease every period, it becomes an immediate problem related to cash flow that is not available to pay off all its current debt. It is expected that the company will be able to pay off all its current debt, so it is important to have an adequate level of liquidity for day-to-day operations. Liquidity is one of the success factors and failures of a company. The provision of cash and resources to meet these needs also determines the extent to which a business can bear the risks arising. Some liquidity ratios that can be used to measure the company's ability to pay off current debt, namely the Current Asset Ratio, Quick (Acid Test) Ratio, and Cash Ratio (Gitman & Zutter, 2019). The current asset ratio is a proxy used to measure liquidity variables.

Leverage

Copeland & Weston (1992) state that leverage can describe the extent to which available assets are financed by debt compared to funds from a company's internal capital. A company can generally finance assets it owns using funds from equity and debt. Financing with debt means collecting funds from third parties that legally require the company to pay back the agreed principal along with any interest incurred. Meanwhile, financing with equity means collecting funds from investors through common stock and preferred stock. It does not require companies to pay anything because dividends are paid at the discretion of the board of directors (Gitman & Zutter, 2019). There are always business risks inherent in any company, but how a company chooses to finance its operations can add to those business risks. Leverage is used to assess how much risk the business is, the higher the level of leverage the company, the greater the risk of not being able to meet the payment of its contractual obligations (Drake & Fabozzi, 2009). In this study the ratio used as a gauge of the leverage level is the Debt to Total Assets Ratio.

Profitability

Drake & Fabozzi (2009) explain that profitability is one of the ratios commonly used as a measuring tool to measure how well companies make business profits from sales operations and investment activities. By investors, the profitability of the company in general is used as a factor of consideration in investing in a company. Operating Margin, Profit Margin, Return on Total Assets, Basic Earning Power Ratio, and Return on Common Equity Ratio are some profitability ratios that can be used to measure a company's profitability (Brigham & Houston, 2009). The study used the Return on Total Assets Ratio as a proxy to measure profitability.

According to Cooper *et al.* (2019), the company needs to leverage its operations to increase profits. To help achieve profit goals, the company's revenue must outweigh the costs. Profitability shows the company's performance in generating business profit. Operating profit generated by the company is intended to maximize shareholder wealth, including through dividend payments. So, profitability can be used as an indicator to find out how much return is obtained from the stocks held. Information about the profitability of the company will be taken as a positive signal by investors, which will have an impact on its investment decisions.

Relationship of Liquidity and Leverage to Audit Opinion

Liquidity provides an overview related to the company's ability and ability to pay all its current debt using available current assets. Meanwhile, leverage describes how much management of a company's assets is sourced from debt. That is, if the company has high liquidity, then it will be able to pay off all its current debt using available current assets. It will also have an impact on decreasing the level of leverage, which indicates that the company is less likely to rely on sources of financing for its assets from debt, because the company is considered able to manage assets properly using its own sources of capital financing (Abundanti et al., 2016; Oktavia, 2021).

However, if a low level of liquidity is accompanied by a high level of leverage, then the company will be considered unable to maintain its survival and it will be a consideration for the auditor to give a reasonable opinion with modifications. The statement is supported by the results of Fajriah's research (2019), which states that liquidity and leverage have an influence on the provision of fair audit opinions with modifications. Based on the results of previous researchers who have examined the influence of liquidity and leverage both simultaneously and partially, the first hypothesis is formulated as follows.

H_1: Simultaneous liquidity and leverage affect audit opinion.

Relationship of Liquidity to Audit Opinion

The current asset ratio is a proxy for the liquidity variables in the study, which generally compare the number of current assets available with the amount of current debt the company has. Liquidity can provide an overview of the company's future condition. If the company's ability to pay off its current debt is very low, then the company will be considered unable to maintain its survival and it will be a consideration for auditors to issue reasonable opinions with modifications about business viability. This viewpoint is supported by research by Himam & Masitoh (2020) and Rabbani & Zulaikha (2021), which show that liquidity has a negative influence on the provision of audit opinions.However, research by Priyono (2018) and Abadi *et al.* (2019) showed liquidity results have no effect on audit opinions provided by auditors. Because of differences in results presented by previous researchers, researchers want to reexamine the relationship of liquidity projected by current assets to audit opinions. Based on the explanation above, the second hypothesis can be formulated as follows.

H_2: Liquidity has an effect on the negative direction of audit opinion.

Relationship Leverage to Audit Opinion

Leverage is projected using the debt-to-total assets ratio, where in that ratio it measures the percentage of liabilities the company has compared to the total assets of the company. The financial condition of the company will not be successful if it has a high level of leverage. The higher the level of leverage, the more concerned the auditor will be regarding the survival of the company. This is because the company's asset management activities are more sourced from debt funding, and it is considered by the auditor to provide a reasonable audit opinion with modifications. This is supported by research by Hendarjatno & Simamora (2019) and Datrini *et al.* (2021), which explains that leverage has a positive influence on the provision of opinions by auditors. In contrast to research by Rahman's (2020) and Zurachman's (2021), leverage has no effect on audit opinion. From the differences resulting from previous researchers, researchers want to reexamine the relationship of leveraged influence on audit opinion. Based on the explanation above, the third hypothesis can be formulated as follows.

H_3: Leverage has an effect on the positive direction of audit opinion.

Relationship liquidity to audit opinion, moderated by profitability

If the level of profitability of a company is higher, then the relationship between liquidity and audit opinion will be stronger. This is because the greater the company's ability to generate profits, the greater its cash flow will increase, which will later have an impact on the company's ability to pay off its current debt before the maturity of repayment, so that the company can still maintain the viability of its business and avoid giving audit opinions with modifications. The statement was supported by the results of Ginting's research (2020), which explained that profitability strengthens the influence of liquidity on the provision of audit opinions. Based on the results of the study, the fourth hypothesis can be formulated as follows.

H_4: Liquidity has an effect of audit opinion by strengthening its relationship with profitability as a moderating variable.

Relationship leverage to audit opinion, moderated by profitability

Companies with high levels of leverage but have plans to improve operations and a good ability to manage the company's finances and can present financial statements reasonably do not require audit opinions with modifications, although with additional information related to the level of profitability of the company (Ulfira, 2017). Because of the results of research from previous researchers who stated that profitability is not able to strengthen or weaken the influence of leverage on audit opinion, researchers want to re-examine using a different period than previous researchers. Based on the results of the previous researchers, the fifth hypothesis can be formulated as follows.

H_5: Leverage has an effect of audit opinion by weakening its relationship with profitability as a moderating variable.

The research model can be said to be good if it can explain the relationship between the variables studied, so it is easier to understand the direction of the research conducted. Thus, the model formed from the above hypotheses is as follows.

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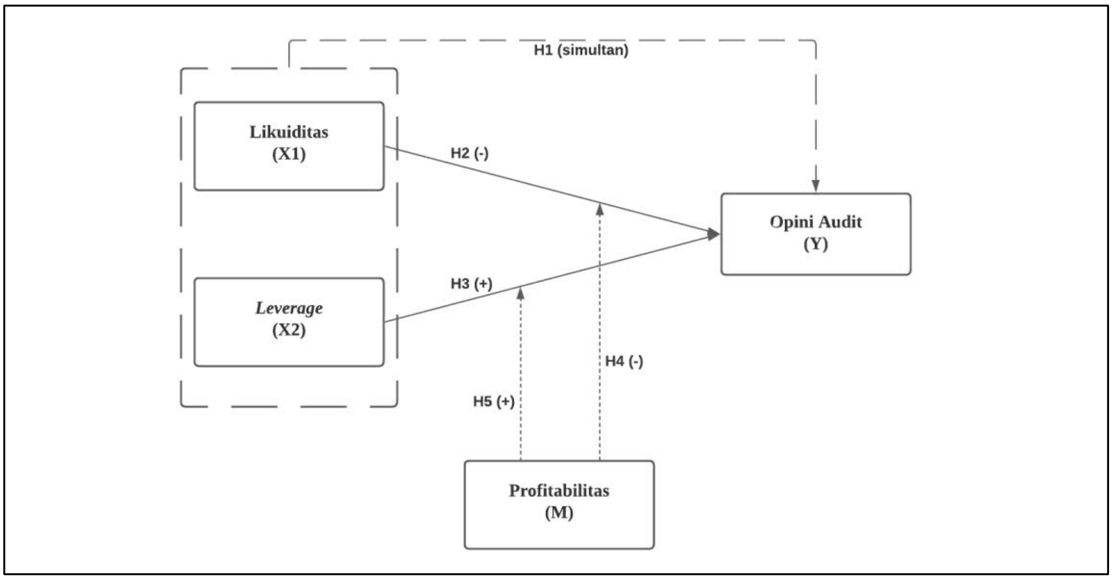

Figure 1. Research Model

METHODS

Audit opinion is a dependent variable in this study. Audit opinions are measured using dummy variables, with category 1 (one) representing companies that get a fair opinion with modified paragraphs related to going-concern and category 0 (zero) representing companies that get unqualified opinion. Liquidity and leverage are independent variables in this study. Liquidity is measured by the current asset ratio (CA), while leverage is measured by the debt to total assets ratio (DAR). In addition to independent and dependent variables, there is a moderated variable that is profitability, which is measured using the return on assets ratio (ROA).

This research uses a causal-comparative research design. Secondary data in the form of audited financial statements is a type of data used in research and obtained through the official website of the Indonesia Stock Exchange. The companies studied are in the consumer goods sector and have been listed on the Indonesia Stock Exchange with a research period of 2020. The purposive-sampling method is a method used for sampling in research while the criteria or parameters used are consumer goods sector companies listed on the Indonesia Stock Exchange that publish audited financial statements in rupiah and are still listed until December 2021. The population has obtained as many as 217 consumer goods sector companies. Of these populations, the sample in accordance with the above parameters includes as many as 188 companies.

Binary logistic regression is a method of analysis used because the variables bound in this study are variables that are projected by dummy variables. The analysis method used does not attach importance to testing related to the normality of free variables and ignores testing related to heteroskedasticity. This binary logistic regression is done by descriptive statistical testing stages: testing of classical assumptions related to multicollinearity; testing the feasibility of models; and hypothesis testing. Analysis of logistic regression in this study can be formulated into the equation model as follows.

$$\mathrm{Ln}\left(\frac{AO}{1-AO}\right) = \alpha - \beta_1 CA + \beta_2 DAR + e$$

Figure 2. Multiple Logistic Regression

$$\mathrm{Ln}\left(\frac{AO}{1-AO}\right) = \alpha - \beta_1 CA + \beta_2 DAR - \beta_3 ROA + \beta_4 CA.ROA - \beta_5 DAR.ROA + e$$

Figure 3. Logistic Regression Tests For Moderating Variable Interactions

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Where:

$\text{Ln}(\frac{AO}{1-AO})$	=	Audit Opinion
α	=	Constant Value
β_{1} - β_{5}	=	Regression Coefficient Value
CA	=	Liquitidy
DAR	=	Leverage
ROA	=	Profitability as Moderated Variable
CA.ROA	=	Interaction between Liquidity and Profitability
DAR.ROA	=	Interaction between Leverage and Profitability
e	=	Residual Error Value

RESULTS

Descriptive Statistical Test

Table 1. Descriptive Statistical Analysis Table

	Current Asset (CA)	Debt to Total Asset (DAR)	Return on Asset (ROA)	Company get a Unqualified Opinion	Company does not get a Unqualified Opinion
Total Data	188	188	188		
Minimum	0.02	0.00	-7.89		
Maximum	140.25	75.94	0.60		
Mean	3.54	1.14	-0.10		
Std. Deviation	12.47	6.17	0.71		
Frequency				142	46
Percentage				75.53	24.47

Based on statistical analysis, the number of samples (N) of 188 companies in the consumer goods sector in 2020. Audit opinion variables are projected with dummy variables so statistical testing uses frequency statistics. The results of the analysis showed that consumer goods sector companies that received fair audit opinions without exception as many as 142 samples or 75.53%, while as many as 46 samples or 24.47% of the overall sample obtained a reasonable opinion with modifications about survival.

The Current Asset Variable (CA) has the smallest value of 0.02 and the greatest value of 140.25, as well as an average CA value of 3.54 and a standard deviation of 12.47. Results from descriptive analysis of the variable debt to total assets (DAR) showed a value of at least 0.00 and a maximum value of 75.94, as well as an average of a DAR value of 1.14 and a standard deviation of 6.17. Descriptive analysis of the Return on Total Assets (ROA) variable yields the smallest value of-7.89 and the largest value of 0.60, as well as the average of the ROA value of-0.10 and the standard deviation of 0.71. The average value of the variables, DAR, and ROA is smaller than the standard deviation value of each variable, thus giving an indication that the data used has a large distribution, so that the data deviation in the free variable in this study can be said not to be in good condition in 2020.

Logistic Regression Test

The initial test of logistic regression analysis is a classic assumption test using the Multicollinearity Test. The results of the multicollinearity test showed the tolerance level for the liquidity variable was worth 0.998, the leverage variable was worth 0.551, and the profitability variable was worth 0.552, where the tolerance level was above the value of 0.10, and the variance inflating factor (VIF) value was still below the value of 10.00, namely on the liquidity variable of 1.002, the leverage variable of 1.814, and the profitability variable of 1.813. So concoction on the basis of decision making can be concluded. Symptoms of multicollinearity do not occur in this research model.

Then, they continued with the feasibility test of the model, where the test uses Hosmer and Lemeshow's table. Test results related to the feasibility of the model showed a chi-square value of 4.868 with a significant rate of 0.772. The criteria of the Hosmer and Lemeshow Test is that it must be greater than a significant value of 5%, so it can be concluded that the observation of the data can

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be explained by the regression model, or in other words, the regression model is acceptable. The last test is related to the coefficient of determination. Determination coesyphile testing uses nagelkerke R-square, and the results show cox and snell values of 0.162 and nagelkerke values of R2 of 0.241. It can be concluded that the audit opinion variable can be explained by 24.1% by the liquidity, leverage, and profitability variables.

Hypothesis Test

Simultaneous tests using Omnibus Tests Results from simultaneous testing showed a significant value of 0.001. As the significant value is still below the value of 5%, it can be concluded that liquidity variables with proxies current asset (CA) and leverage with proxies debt to total assets (DAR) simultaneously affect audit opinion variables. Partial testing using the Wald Test and partial test results at a significance level of 5% showed the CA variable had a regression coefficient of 0.414 (positive) and a significant value of 0.520, which was greater than the significant value of 5%. It can be concluded that the CA variable partially has no influence on the audit opinion. Partial test results on DAR variables showed a regression coefficient of 1.336 (positive) and a significant value of 0.040, which was smaller than the significant value of 5%. It can be concluded that dar variables partially have a positive influence on audit opinion. The results of the analysis for hypothesis testing using multiple logistic regressions at a significant level of 5%, then the regression equation is as follows.

$$\mathrm{Ln}(\frac{AO}{1-AO}) = -1{,}862 + 1{,}336_{DAR} + e$$

Figure 4. Multiple Logistic Regression

Moderation variable testing uses moderated regression analysis (MRA), or more commonly called an interaction test. The ROA variable in moderating the influence of CA obtains a coefficient value of 1.837 with a significant value of 0.022, where the significant value is still smaller than the significant value of 5%. This shows that profitability reinforces the influence of liquidity on audit opinion. The profitability variable in moderating the leverage influence obtains a coefficient value of 0.075 with a significant value of 0.800, which is greater than the significant value of 5%. This shows that profitability is not able to strengthen or weaken the influence of leverage on audit opinion. The results of the analysis that has been done on moderation testing using moderating regression analysis (MRA) at a significant rate of 5%, then the regression equation formed is as follows.

$$\mathrm{Ln}(\frac{AO}{1-AO}) = -1{,}368 - 0{,}024_{CA} - 0{,}0288_{DAR} - 12{,}508_{ROA} + 1{,}837_{CA.ROA} + 0{,}075_{DAR.ROA} + e$$

Figure 5. Moderation Logistics Regression

The results of the testing on the previously formulated hypothesis are summarized as follows.

Table 2. Test Summary Table on Hypotheses

Hypothesis	Statement	Result	Decision
H1	Simultaneous liquidity and leverage affect audit opinion	Sig. Value = 0.001	The hypothesis has been accepted
H2	Liquidity has an effect on the negative direction of audit opinion	Sig. Value = 0.520	The hypothesis has been rejected.
H3	Leverage has an effect on the positive direction of audit opinion	Sig. Value = 0.040	The hypothesis has been accepted
H4	Liquidity has an effect of audit opinion by strengthening its	Sig. Value = 0.022	The hypothesis has been accepted

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Hypothesis	Statement	Result	Decision
	relationship with profitability as a moderating variable		
H5	Leverage has an effect of audit opinion by weakening its relationship with profitability as a moderating variable	Sig. Value = 0.800	The hypothesis has been rejected.

DISCUSSION

Relationship of Liquidity and Leverage to Audit Opinion

The results of simultaneous testing support the first hypothesis of the simultaneous influence of liquidity and leverage on the audit opinion. This is in line with the initial thinking that if the level of low liquidity is accompanied by a high level of leverage, then the company will be considered unable to maintain its survival and it will be a consideration for the auditor to provide a reasonable opinion with modifications. The results of this study are in line with the research of Setiakusuma & Suryani (2018), Fajriah (2019), and Timothea (2021), which provide similar results, namely that liquidity and leverage affect audit opinion.

In general, liquidity describes the company's ability to pay its current debt using available current assets. Leverage can describe the extent to which available assets are financed by debt compared to funds from a company's internal capital. 2020 will be the hardest year for consumer goods sector companies to be able to keep cash flow in good condition. However, it cannot be denied that some companies still find it difficult to pay off their current debts due in 2020 because of poor performance. This causes low liquidity levels. Finally, some businesses use debt financing rather than internal capital because the latter is insufficient to fund the company's operations.From the auditor's side, they will see an uncertainty regarding the condition of the company that will be able to maintain the viability of its business and ultimately issue a reasonable audit opinion with modifications about the company's survival to the financial statements presented by management in 2020 (Fajriah, 2019; Timothea, 2021).

Relationship of Liquidity to Audit Opinion

Based on the results of liquidity variable tests projected using current asset ratio (CA), showing liquidity has no influence on audit opinion. Therefore, the second hypothesis is rejected because the results of the study are not in line with the initial thinking that if there is a decrease in liquidity levels, it will cause the auditor to give a reasonable opinion with modifications due to the emergence of doubts over the company's ability to pay off all its current debts. The results of this test support the results of research by Priyono (2018), Abadi *et al.* (2019), and Akadiati & Bangsawan (2021), which showed similar results that liquidity had no effect on the opinions given by auditors.

Liquidity describes the condition of the company's ability to pay its current debt using available current assets. In 2020, when the COVID-19 pandemic has entered Indonesia, many companies in the consumer goods sector have low levels of liquidity due to their poor performance. To deal with the problem of low liquidity levels, the government issued a policy that is OJK Regulation No. 11/PJOK.03/2020 in March 2020 and extended it back to March 2022 by re-releasing OJK Regulation No. 48/PJOK.03/2020. The government is trying to make the companies affected by COVID-19 more light in terms of debt payments (Kusumo, 2021). On the auditor's side, as an external party responded to this by assessing that low liquidity levels are not the most important factor considered in providing audit opinions about survival in the COVID-19 pandemic, there are still other factors that can be used as a major factor in providing audit opinions, such as the company's leverage level (Akadiati & Bangsawan, 2021).

Relationship Leverage to Audit Opinion

The test results of leverage variables with proxy ratios of debt to total assets (DAR) received the third hypothesis. The results of the study are in line with the initial thought that if the level of high leverage is a concern to the auditor regarding the survival of the company, because the company's asset management activities are more sourced from debt funding, it becomes a consideration for the auditor to provide a reasonable audit opinion with modifications. The results of this test are in line with the results of research by Hendarjatno & Simamora (2019), Akadiati & Bangsawan (2021), and Datrini *et al.* (2021), which showed the results of leverage had a positive influence on the provision of audit opinions.

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Leverage describes the extent to which a company's assets are managed through debt financing. In the 2020 financial statements presented by management, several companies in the consumer goods sector have a high level of leverage. That is, in 2020, there are some companies that have difficulty financing their company operations, especially financing available assets. The company's poor performance due to the COVID-19 pandemic that expanded so quickly in 2020 resulted in an increase in leverage because many companies lack internal capital to be able to finance available assets. The higher the level of leverage owned by the company, the more concerned the auditor will be regarding the company's survival because the company's asset management activities are sourced more from debt funding and it becomes the auditor's consideration to provide a reasonable audit opinion with modifications regarding the company's survival (Amin & Nuryani, 2021; Dewi et al., 2018).

Relationship liquidity to audit opinion, moderated by profitability

The results of the fourth hypothesis test showed that the effect of liquidity on audit opinion was strengthened by profitability as a moderating variable. The results of the study indicate that the fourth hypothesis is accepted. These results support the results of research from Ulfira (2017) and Ginting (2020), which stated that the effect of liquidity on audit opinion was strengthened by profitabiltias as a moderation variable. Due to the company's poor performance in 2020, where the COVID-19 pandemic spread widely, companies in the consumer goods sector have a low level of liquidity. This performance can be observed with a very low profitability rate in 2020.

If the level of profitability is low, then the company's ability to earn business profit will decrease, which will have an impact on the company's failure to pay off its current debt. From this, the auditor will assess if the company in the future cannot maintain the viability of its business and ultimately provide a reasonable audit opinion with modifications about the survival of the company (Ginting, 2020).

Relationship leverage to audit opinion, moderated by profitability

The results of the fifth hypothesis test showed that profitability as a moderation variable was not able to strengthen or weaken the influence of leverage on audit opinion. The results indicate that the fifth hypothesis was rejected. The results of this study support the results of research from Ulfira (2017), which shows the influence of leverage on audit opinion cannot be moderated by profitability. Leverage describes the extent to which a company's assets are managed through debt. In terms of auditors' giving their opinion on the 2020 financial statements, the consumer goods sector is not based on the extent to which operational management is financed by debt, but the auditor tends to pay attention to the company's condition as a whole.

In the financial statements presented in 2020, the level of leverage can be seen to be in fairly good condition even though some companies are experiencing high increases related to leverage due to insufficient capital to finance assets, because negative profits even tend to experience losses in the COVID-19 pandemic. The company's high level of leverage, but management has a good plan to improve operations and a good ability to manage the company's finances, and can present financial statements reasonably, does not require audit opinions with modifications, although with additional information related to the company's low level of profitability in 2020 (Ulfira, 2017).

CONCLUSION

This study aims to look at the influence of liquidity and leverage on audit opinions provided by auditors with profitability as variables that moderate that influence on consumer goods sector companies in the time of the COVID-19 pandemic. Based on the results discussed in the previous chapter, the results of this study draw the conclusion that the first hypothesis is accepted, where liquidity and leverage influence jointly (simultaneously) on audit opinions on consumer goods sector companies in 2020.

The second hypothesis explains the partial negative influence of liquidity on the provision of audit opinions on consumer goods sector companies in 2020, and the results of the study reject the second hypothesis. The auditor assessed that low liquidity levels were not the most important factor considered to provide an audit opinion on survival in the current COVID-19 pandemic. Meanwhile, the results of the test confirmed a third hypothesis, which explains that partial leverage has a positive direction on audit opinion for companies that enter the consumer goods sector in 2020. The level of leverage from some high consumer goods sectors will be a concern to auditors regarding the company's survival because the company's asset management activities are more sourced from debt funding, and it is considered by auditors to provide audit opinions about the viability of their business in the COVID-19 pandemic.

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Profitability in this study became a variable that moderated the influence of liquidity and leverage on the provision of opinions by auditors. The results showed that the relationship between liquidity influence on audit opinion on consumer goods sector companies in 2020 was strengthened by profitability as a moderation. That is, the fourth hypothesis that has been formulated is accepted. In relation to the influence of leverage on audit opinion, profitability is unable to strengthen or weaken that influence. Therefore, the fifth hypothesis that explains profitability as moderation weakens the relationship of leveraged influence on audit opinion is rejected. Limitations in this study are in the selected variables. Researchers only chose internal factors from consumer goods sector companies, such as financial conditions as seen from liquidity ratios, leverage, and profitability ratios. Further researchers are expected to consider other variables, especially factors from outside the company, such as the change of auditors, opinions submitted by auditors in the previous period, or cooperation between KAP and the auditee, which of these external factors can have a more optimal influence on audit opinion in the COVID-19 pandemic. The last suggestion is that the next researcher is expected to use samples and populations that are different from those in this study, such as the real estate sector, which also experienced weakness during the COVID-19 pandemic.

Based on the results of this study, auditors should be able to re-observe various factors that can affect the survival of a company during the COVID-19 pandemic. From this research, the factor of leverage, which is projected using the debt to total assets ratio (DAR), can be used as the main reference data to see how the company is able to maintain the condition of its company to avoid bankruptcy in the COVID-19 pandemic, while liquidity and profitability variables can be used as supporting data to see the sustainability of life in a company. The company must be able to maintain the operational condition of the company amid economic conditions that are still in the recovery or recovery stage after the rapid expansion of COVID-19 and must be able to improve the company's performance so that the company's profitability level improves in the following years.

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