

## **ABSTRACT**

*This research aims to analyze the influence of audit firm and auditee characteristics against the probability of an audit qualification. The hypothesis that's submitted are audit firm characteristics such as audit fees and type of audit firm influence to probability the occurrence of audit qualification, and auditee characteristics such as operating margin to total asset, net profit to sales, receivables to sales, and current asset to current liabilities influence to probability the occurrence of audit qualification.*

*The research uses 95 manufactures company that is listed in IDX 2009, with the audit criterion that has listed in IDX before 1 January 2009, published financial statement audited by independent auditors for the year 2009. Samples obtained by purposive sampling. Research data analyzed by logistic regression analysis.*

*The result of this study are (1) audit fees influences the occurrence of audit qualification, (2) type of audit firm does not affect the occurrence of audit qualification, (3) operating margin to total asset ratio influences the occurrence of audit qualification, (4) net profit to sales ratio influences the occurrence of audit qualification, (5) receivables to sales ratio does not affect the occurrence of audit qualification, (6) current asset to current liabilities ratio does not affect the occurrence of audit qualification.*

**Keywords:** *audit qualification, audit firm characteristics and auditee financial characteristics.*