

The Impact of Covid-19 on Audit Quality: A Study at Public Accountants in the Pekanbaru Region, Riau Province

Nurul Yusyawiru, Ezky Tiyasiningsih and Indra Firdiyansyah^a

Faculty of Economics & Business Maritime Raja Ali Haji Maritime University Tanjungpinang, Indonesia

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Abstract: Auditor's work experience and professionalism could have significant influence on audit quality, both in conventional audit situations or with remote audits. Extensive experience in conducting audits can help the auditor identify potential risks and problems that affect the quality of the audit report. The auditor's experience will help them overcome technical issues and adapt to a different audit environment when conducting remote audits. The auditor's high professionalism is necessary to ensure that client data and information is kept confidential. Thus, the work experience and professionalism of the auditor remain important in a remote audit, but they must also address the challenges that arise in these different audit environments. Appropriate application of technology, a deep understanding of the client's business, and good cooperation will contribute to better audit quality in these situations. This research was conducted to determine the effects of auditor working experience and professionalism on audit quality with remote audit as moderated. From this research we concluded that work experience and professionalism have significant effect on audit quality and remote audit is moderating variables which affect both work experience and professionalism on audit quality.

1 INTRODUCTION

The COVID-19 pandemic has had a tremendous impact on many aspects globally, including the business and finance sectors. Companies worldwide have faced uncertain business environment, rapid economic fluctuations, and drastic changes in business operations and strategies as a response to these challenges. The audit function is playing an increasing role in ensuring the transparency, reliability, and accountability of financial information in this context. Audit quality includes the validity and reliability of audit results.

To face these challenges, a comprehensive analysis of the impact of COVID-19 on audit quality is needed to identify adaptive measures needed to maintain the integrity of financial information and public trust. In this scenario, it is important to comprehend the effect of the pandemic on audit quality, i.e. the validity, accuracy, and reliability of audit results. The evaluation of risks and the assessment of assumptions underlying financial statements can be affected by dramatic changes in business operations. In addition, the separation of

auditor teams due to remote working may affect the coordination and quality of communication within the audit team. The pandemic has led to the importance of evaluating the impact on audit quality. By understanding the changes in the business environment and operational practices, we can identify the adaptive measures needed to ensure that audits maintain a high standard of quality and relevance amid these unforeseen challenges (Sari et al., 2022).

Table 1: Public Accounting Office in Pekan.

No	Name	Registration Number	Partner
1	Eljufri	22.2.1401	Eljufri
2	Hardi, Drs. & Rekan	02.2.0485	Hardi
3	Khairul	13.2.0944	Khairul
4	Nurmalia Elfina	23.2.1417	Nurmalia Elfina
5	Tantri Kencana	21.2.1336	Tantri Kencana
6	Yaniswar & Rekan	18.2.1184	Yaniswar

^a<https://orcid.org/0000-0002-4246-7907>

The table above illustrates that there are six public accounting firms in Pekanbaru. According to Arens et al. (Elder et al., 2020) Audit is the collection and evaluation of books about information to determine and report the degree of conformity between that information and predetermined criteria. Audits are carried out to evaluate financial reports in order to maintain the quality (Putri et al., 2023), financial statements will describe how a company will be in the future.

The COVID-19 pandemic has encouraged significant paradigm shifts in many aspects of life, including business practices and professionalism in many fields, including auditing. Audits were performed entirely remotely, no client sites were visited in order to gather proof (Bauer, 2022) The emergence of remote auditing practices as a response to physical and health restrictions has presented new challenges that need to be understood in the context of the influence of professionalism on audit quality. The importance of professionalism in quality audit practice cannot be overstated. Remote audit practices may have unique implications for these aspects of professionalism. Direct communication between the auditor and the client may be limited in a remote audit practice. This may affect the auditor's ability to identify subtler signals related to ethical issues or potential fraud. In addition, auditor independence in performing their duties is also a focus of attention. There are potential risks associated with undetected outside influence in remote auditing practices. Therefore, strong regulations on independence and avoidance of conflicts of interest should be more strictly enforced.

The quality of a remote audit is largely determined by the extent to which an auditor is able to integrate the work experience gained over the years in conventional business and auditing environments. Work experience includes a deep understanding of the client's industry, business processes, potential risks, and mature communication and analysis skills. The success of a remote audit depends not only on technical proficiency in using digital audit software (Teeter et al., 2010), but also on the auditor's ability to contextually apply knowledge gained from work experience in different audit scenarios. By combining strong industry insights and good communication skills, auditors with diverse work experience have greater potential to identify potential discrepancies, make informed audit decisions, and provide more substantial recommendations to clients. An in-depth knowledge of how work experience impacts the quality of remote audits will be crucial for optimizing

the audit process in an increasingly digitally connected environment.

The influence of professionalism on audit quality must not only be maintained but also enhanced in light of these new dynamics. Auditor's must be proactive in adapting to changes in their work environment and maintaining standards of ethics, independence, competence, and professional responsibility. The integrity of financial information and public trust can be maintained and improved by maintaining these aspects in remote audit practice.

Based on the descriptions above, researchers are interested in conducting research on "Factors that affect Audit Quality due to Covid-19" with the object of research by auditors of public accounting firms (KAP) in the Pekanbaru, Riau Province.

The problem identification in this study is as follows:"

1. Does work experience affect audit quality due to the Covid-19 pandemic at KAP in Pekanbaru?
2. Does professionalism affect audit quality due to the Covid-19 pandemic at KAP in Pekanbaru?
3. Does remote audit moderate the effect of work experience on audit quality due to the Covid-19 pandemic at KAP in Pekanbaru?
4. Does professionalism moderate the effect of work experience on audit quality due to the Covid-19 pandemic at KAP in Pekanbaru?

2 LITERATURE REVIEW

2.1 Audit Quality

There is a consensus in the auditing community on the statement that an audit carried out by an auditor will be of high quality when they have followed auditing and quality control standards, this aligns with statements from The Indonesian Institute of Public Accountants in the Professional Standards of Public Accountants (SPAP). The capacity of an auditor to find and disclose fraud or mistakes in a client's accounting information system is known as audit quality. It is an important aspect of ensuring the accuracy and reliability of financial statements. The importance of maintaining a high level of quality when conducting audits cannot be overstated. This assists in minimizing any disagreements between management and shareholders, as financial statement users rely heavily on their accuracy to make informed decisions. Shareholders heavily rely on audited

financial statements to help them make decisions (Shintya, 2016).

2.2 Work Experience

Soekrisno Agoes (Sukrisno, 2012) states an individual cannot fulfill the requirements intended in auditing standards, despite his ability in other fields, including business and finance if he does not possess adequate auditor experience and education in auditing will be negatively affected an audit quality. Experience gained by an auditor also gives him the ability to deal with obstacles and problems encountered as they perform their duties, as well as to be capable of bridging any emotional tendencies they have towards the party to be examined (Mulyani et al., 2019).

2.3 Professionalism

Professionalism is the collective responsibility of individuals to behave better than simply complying with existing laws and regulations in society and having their behavior governed by those laws and regulations (Elder et al., 2020).

2.4 Remote Audit

The use of information and communication technology (ICT) in remote auditing allows for the collection, storage, processing, analysis, and sending of data, which effectively simulates an on-site audit (ISO 19011, 2018). It is necessary for auditors to adjust to this new way of working because the remote audit process involves planning, doing fieldwork, reporting, and communicating via a variety of digital media.

3 RESEARCH METHODOLOGY

The author's use of a qualitative method approach is to create a structured, original, and precise description of the nature, facts, and relationships between the data under study. Qualitative research is a scientific approach to explain social situations, assembling words based on linked data analysis collection techniques. Researchers reasoning in using a qualitative approach due to this research requires an explanation in the form of direct information from auditors related to audit quality through remote audits at the Public Accounting Firm in Pekanbaru.

Based on the title that has been explained in the previous discussion, namely "Factors that affect

Audit Quality due to Covid-19" with the object of research by auditors of public accounting firms located in Pekanbaru, Riau Province. This research has several variables that are interrelated, namely the independent variables which are work experience and professionalism variables, and the dependent variable, which is audit quality and the moderating variable, namely remote auditing.

4 COPYRIGHT FORM

Solemnly declare that the manuscript submitted above is authentic, self-made, not adapted or translated from other works, and have not been published and/or being processed in any form of media. I am willing to take full responsibility if there are certain parties who feel aggrieved or demand a lawsuit in the future by the demand a lawsuit in the future by the publication of this manuscript.

5 RESULT AND DISCUSSION

5.1 Effect of Work Experience on Audit Quality

The quality of audit can be affected by work experience in the field of audit, particularly during the pandemic. In this discussion, we will explain how work experience affects audit quality during the pandemic.

Auditors with extensive experience in a particular industry have a better understanding when identifying potential risks that may arise. Furthermore, work experience allows auditors to develop a better understanding of the relevant rules and regulations. Changes in rules and regulations are often made quickly during the pandemic to address changing business conditions. Experienced auditors are more adept at comprehending and accurately implementing these changes in their audits.

The development of auditors' analytical skills is heavily influenced by their work experience. Auditors who have faced various situations and challenges in their jobs have better analytical abilities to evaluate financial information and identify potential issues or discrepancies, this aligns with the research conducted by Rianto & Diniyanti (Rianto and Diniyanti, 2020) However, it's important to note that work experience alone is not sufficient. Auditors also need to ensure that they stay updated with the latest developments in the field of audit, especially in the context of the

pandemic. This includes understanding evolving audit technology, changes in audit practices, and compliance issues related to the pandemic.

In conclusion, work experience has a significant influence on audit quality during the pandemic. Experienced auditors have an advantage in understanding the business, rules, and regulations in place, as well as the analytical skills necessary to address the challenges at hand. However, auditors must also continually update their knowledge to remain relevant and effective in dealing with the ongoing changes resulting from the pandemic.

5.2 Effect of Professionalism on Audit Quality

Professionalism plays a crucial role in determining the quality of audits conducted by an auditor. Professional ethics, independence, integrity, and objectivity play a significant role in an auditor's ability to make objective and critical assessments of an entity's financial statements in practice. An auditor who maintains their independence and is not affected by conflicts of interest is more likely to identify potential errors or fraud in financial reports.

Furthermore, professionalism can be gauged by having a strong grasp of audit standards and relevant regulations. Auditors who consistently stay updated with the latest developments in audit practices will apply these guidelines correctly on their audit procedures, ultimately enhancing the accuracy and reliability of audit results.

The required audit quality to ensure public trust in the presentation of financial information of a company or organization depends on strong professionalism.

According to Iskandar's (Iskandar, 2014) research, professionalism is more defined by one's attitude and behavior when carrying out their profession. Professionalism is essential for anyone who wants to be an auditor, along with having the necessary skills and maintaining a disciplined and consistent approach to their work. Siahaan & Simanjuntak (Siahaan, 2019) stated that professionalism among auditors has a positive influence on audit quality at the Public Accounting Firm (KAP) in Medan. However, in another research, Nurhayati & Wahyono (Nurhayati, 2017) concluded there was no effect of professionalism on audit quality.

5.3 Remote Audit can Moderate the Effect of Work Experience on Audit Quality

The influence of remote auditing is an important factor that can moderate the effect of work experience has on audit quality. As digital and information technology continues to evolve, audit practices are increasingly utilizing remote approaches using communication technology and specialized software. When audits are carried out remotely, the influence of an auditor's work experience on the quality of the audit may increase.

The extent to which audit quality can be maintained depends on an auditor's ability to adapt to the changing, more virtual, and technology-based audit environment. Therefore, the influence of remote auditing can moderate the effect of auditor's work experience on audit quality, enabling enhancements in efficient audit monitoring and control within the current digital context.

5.4 Remote Audit can Moderate the Effect of Professionalism on Audit Quality

COVID-19 pandemic has seriously affected many facets of life, including auditing. The change in work patterns to remote auditing has become one of the challenges for auditors. Professionalism is a significant factor that influences audit quality. Professional auditors have high competence and integrity, so they can conduct audits independently and objectively. The findings indicated that remote audit can lessen the impact of professionalism on audit quality. This shows that remote audit can strengthen the effect of professionalism on audit quality.

There are several explanations for the results of this study. First, remote audit can increase audit efficiency and effectiveness. Auditors can focus more on the audit process and avoid distractions from a non-conducive work environment. Remote audit can enhance communication and collaboration between auditors. Auditors can utilize information technology to communicate and collaborate effectively. Third, remote audit can increase auditor objectivity. Auditors can be more objective in conducting audits because there is no pressure from clients. However, this contradicts conducted by Albitar & Gerged, (Albitar et al., 2020) where the limitations of the remote audit application will lead to possible auditor opinion errors which have an impact on reducing audit quality.

6 CONCLUSIONS

Based on the results of research discussed in the previous chapter, the following conclusions indicate that both work experience and professionalism have a significant effect on audit quality. Thus, hypotheses one and two are accepted. It is also concluded that remote audit can moderate the effect of both work experience and professionalism. Therefore, hypotheses three and four are also accepted.

The effect of remote audit as a moderator on the relationship between professionalism and audit quality in Public Accounting Firms (KAP) in Pekanbaru City, which is affected by the Covid-19 Pandemic, is an interesting aspect to discuss. In this context, auditor professionalism plays a major role in ensuring audit integrity and accuracy, while remote audit presents new challenges in carrying out efficient audit practices. How the influence of professionalism in auditing can be moderated by the adoption of remote audit during the pandemic is key to understanding how the audit industry adapts to rapid changes and maintains high standards of audit quality, especially in the Pekanbaru City area which is also affected by the pandemic. Therefore, auditors must maintain their integrity and avoid conflicts of interest. This is important to ensure that auditors can conduct audits independently and objectively, KAP must implement clear and documented audit policies and procedures. Clear audit policies and procedures can help auditors to conduct audits consistently and effectively.

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