


INFORMATION TECHNOLOGY AND REMOTE AUDIT DURING COVID 19 PANDEMIC

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ARTICLE INFO	ABSTRACT
Received: Revised: Approved:	<i>This study aims to analyze the role of information technology to remote auditing during the covid 19 pandemic. Covid 19 has changed the work style of auditors in the manual/traditional audit process to remote audit, as a solution in dealing with the impact of the pandemic. This condition demands that the auditor profession in preparing or dealing with remote audits will be closely related to the use of information technology. This research method is literature review. The data is obtained from articles uploaded on Google, Google Scholar and Sciencedirect with the keyword: remote audit and information technology. After collecting, a descriptive analysis was carried out to answer the research objectives. The result is that during the COVID-19 pandemic, remote auditing has become a solution to the impacts of covid 19, such as social distancing. Auditors in carrying out remote audits need information technology facilities in the audit process. Information technology has a vital role in remote auditing from planning, working papers, documentation, communication and supervision. Information technology is an integral part of remote auditing.</i>
KEYWORDS	Auditor, Covid 19, Information technology, Remote audit
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INTRODUCTION

The condition of the COVID-19 pandemic has caused a lot of changes, starting with the use of masks, keeping a distance and avoiding crowds and always washing hands. All aspects of life, including health, economy, environment, education and social life, have drastically changed. (Laing, 2020; Abodunrin, 2020;; Saadat, Rawtani & Hussain, 2020). The determination of Work from Home (WFH) is a new lifestyle that everyone must do during a pandemic as a form of social distancing. This of course also affects the way the auditor works in carrying out his duties. Physical distancing requires auditors to work from home and carry out audit procedures remotely. Working from home on the one hand is advantageous because auditors can work more flexibly. On the other hand, the auditor will find it difficult to communicate with the team so that it can hinder the work of the auditor. Meanwhile, the audit process for the presentation of reliable financial statements remains

the need of many companies (Khoirunnisa, et al., 2021; Taqi, Muhammad, 2013; Vasarhelyi, Miklos A and Romero, Silvia, 2014)

Auditors cannot maintain to carry out traditional/manual audits. This requires the auditor profession in preparing or dealing with remote audits which will be closely related to the use of information technology. Auditors are required to have knowledge, insight, skills or expertise and other expertise in supporting their professionals during this pandemic. (Wardani and Nugraheni, 2021).

Previous studies that have examined the use of information technology in relation to auditing and the auditing profession include Tarek and Basuony (2017), Magablih (2019), Vasarhelyi and Romero (2014), Bradford and Henderson (2017) and Nguyen et.al. (2020). Tarek and Basuony (2017) examined the implications of information technology on the auditing profession in developing countries for the level of use and importance of information technology. The result of this research is that information technology has influenced the audit profession, including information technology affecting client acceptance considerations and also affecting the phase of the audit planning, evidence gathering, audit testing and report writing. In addition, there is a difference between the use of information technology in foreign affiliated and non-foreign affiliated KAPs as well as the importance of information technology in auditing the foreign affiliated and non-foreign affiliated KAPs.

Magablih (2019) and Nguyen et.al. (2020) examines the impact of using technology in auditing on reducing audit operational costs. The results of Magablih's research (2019) are that technology affects the decrease in audit costs for auditor operations, especially for the accuracy of output and data tabulation. Vasarhelyi and Romero (2014) examined the use of technology by external auditors by reviewing auditor's working papers and interviewing audit staff. The results of Vasarhelyi's (2014) research are that the existing technology is often not utilized or used by auditors because auditors assume that they will be able to obtain evidence that is as competent as using traditional audits. Bradford and Henderson (2017) examine the barriers and support obtained by auditors who use audit software, namely generalized audit software (GAS). The results of research by Bradford and Henderson (2017) are that system problems and perceived threats will affect the ease of use and benefits of GAS.

Wardani and Nugraheni's (2021) research on the use of information technology in auditing for audit planning, risk assessment, and audit reporting is broad and important. This means that auditors face increasingly complex transactions in the conduct of audits that cannot be dealt with only by manual auditing. Utilization of information technology through audit software used by auditors from various types of KAP greatly assists the implementation of audits for audit planning, risk assessment, and audit reporting in accordance with TAM theory. The audit profession, namely IAPI, has prepared its members to be ready to face remote audits through socialization and training on the use of audit software to assist audit implementation.

Based on the explanation above, during this pandemic, auditors are still required to maintain audit quality by utilizing information technology in the audit process. With this condition, the study was structured so that this study aims to analyze the role of information technology in the remote audit process during this pandemic.

RESEARCH METHOD

The research method used is a literature review. This method is a research conducted by perceptively examining and analyzing capabilities, ideas or inventions contained in an academically oriented literature, as well as formulating their theoretical and

methodological contributions to certain topics. The data collection method is literature study. The type of data used in this study is secondary data, namely data obtained from various sources including articles, journals or documents that are relevant to the problem being studied. Articles obtained from google, google scholar, ssn and sciencedirect. Then a mapping of the existing data is carried out and then systematically describes the data that has been obtained, then an understanding and explanation are given so that it can be understood.

RESULT AND DISCUSSION

The implementation of remote audits during the COVID-19 pandemic for auditors turned out to provide various responses, which can be seen in the highest percentage, namely assignments that need to be limited to 56%, assignments that are canceled as much as 48%.

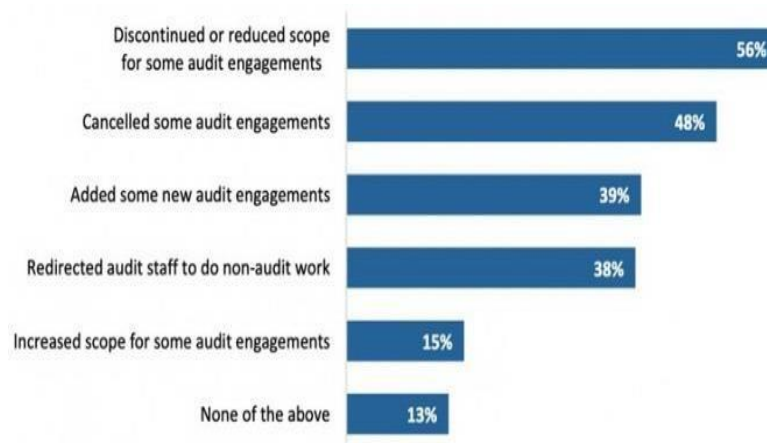


Figure 1. The implementation of remote audits during the COVID-19 pandemic Source : Institute of Internal Auditors (April 2020)

From this description, it appears that there are possibilities for delegation related to the profession of an auditor during the Covid 19 pandemic, for example, government regulations such as social restrictions, communication technology owned by auditees who have not been able to support and so on.

The Aquaculture Stewardship Council on March 18, 2020, published its Policy For Audits during the Covid 19, it was stated that in some cases, audits can be carried out remotely, and some can also be carried out through remote checking wherever an auditor is located. Voluntary Sustainability Standards, which focus on audit certification and audit functions, provide an explanation of remote auditing which can be referred to as remote assessment, which is nothing but an assessment facility at a location that can be classified as physical presence with users of information and communication technology. This explanation has similarities with the meaning of ISO 19011, which explains that remote auditing refers to the use of information and communication technology which is a combination of information, interviews with clients, and also face-to-face methods are not possible due to the covid 19 pandemic. which is referred to as remote inspection, illustrates that the audit assignment carried out by the auditor does not meet directly with the auditee, but when carrying out the checking process uses the assistance of computers and information technology devices.

Remote auditing shows the process carried out by an auditor by integrating information and communication technology in analytical procedures made with electronic

evidence, an interaction with the auditee, and reporting that contains reliable financial data as well as existing internal controls, besides that, what is also important is the independence of the auditor (Litzenberg, 2020; Teeter, Ryan A et al., 2010). It is undeniable that in this remote audit, information technology is needed. Utilization of information technology increases in investigative audits in the era of the COVID-19 pandemic (Koerniawati, 2021). In the remote audit need information technology in auditing such as Computer Aided Auditing Technique (CAAT), Generalized Audit Software (GAS), Electronic Data Processing (PDE), Commercial General - Use Software, PC software, and computer forensic greatly assist auditors in implementing investigative audits. The use of information technology in investigative audits during the current pandemic is very efficient and effective for investigative audit activities (Mahadhika, 2021).

The use of information technology applications to assist the implementation of audits has been mostly carried out by public accounting firms. Auditors deal with a variety of clients with different use of information systems. Thus, auditors have an important role in monitoring and evaluating an entity's risk management system where traditional audits cannot respond to risks directly (on real time basis) due to periodic risk assessments (Tarek and Basuony, 2017). The use of information technology can be analyzed through the theory of acceptance model or known as TAM. The Theory of Reasoned Action is the basis of the Theory Acceptance Model (TAM) by Davis (1986). TAM is an adaptation of Ajzen and Fishbein (1980). TAM theory explains the acceptance of individuals in an information system (Lee, Kozar, Larsen, 2003). TAM is able to explain a person's acceptance of the use of technology (Lee et al., 2003). TAM consists of perceived of use (PU) and perceived of ease of use (PEU) which are components in assessing the use of information technology by an individual (Lee et al., 2003). Based on this TAM theory, the use of information technology from the auditors to assist the audit can be analyzed, especially in the situation of limited audits in the field due to the Covid-19 virus pandemic.. The audit application is a stage in the audit implementation starting from client acceptance and audit planning, audit evidence collection and testing, audit completion and reporting, and administrative work. Client acceptance and audit planning consists of ratio tools.

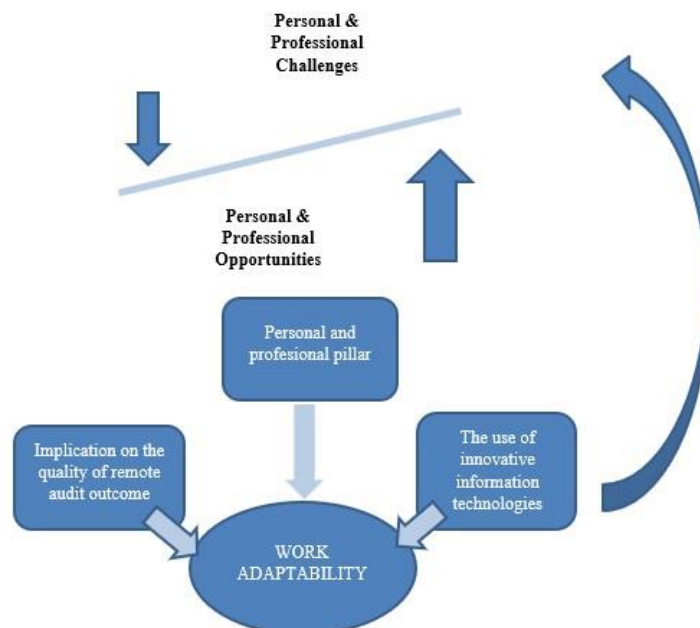


Figure 2. Auditor's work adaptability in COVID-19 pandemic.
Source: Farcane et al (2022)

Adopting the opinion of Farcane et al. (2022) with picture 2, auditors must make adaptations in their work in pandemic. Covid 19 has created challenges and opportunities in maintaining the professionalism of his work. Auditors must be able to improve their capabilities in remote auditing processes, maintain audit standards that have been set and make appropriate information technology innovations to support the audit process. From this figure, it can be concluded that information technology is an important part of remote auditing.

Document Quality

The existence of not being allowed to make in-person visits requires an auditor to consider alternative checking procedures that meet adequacy, support for reliable checking evidence, through remote assessment. Reliable audit evidence, of course, cannot be separated from the existence of risks that should also be identified (Farcane et al, 2022; Koerniawati, 2021). During the COVID-19 pandemic, the inspection approach can be carried out by combining evidence that can be classified as digital evidence. In the event that it is not possible to obtain reliable evidence, a postponement of checking can also be carried out and it can also be carried out by means of a certain opinion which is equipped with rational or reasonable considerations. The various types of evidence that can be used in remote audits can also relate to obtaining evidence in digital format. Several considerations can be conveyed in this approach as an example of the authenticity of the data that has been obtained. This form of remote checking takes into account the security of the auditee data as much as possible.

Data security that supports a finding is something that cannot be ignored, various kinds of data interception can be made possible through digital data transmission. Examination of the data carried out digitally, explains that the data owned by the auditee is stored as much as possible in digital form, not in hardfile form. If in conditions before this pandemic, in general the data needed can be obtained physically or received directly by meeting face to face. The Covid-19 pandemic, which has been around for quite a while in Indonesia, of course, the company's management has begun to consider an alternative or other way out to store data with the aim of preventing data eavesdropping. Observing that the quality of documents related to the examination or checking, must be able to meet reliability, solely to confirm that the activities of a professional person and auditor services are required professional skepticism (IAPI, 2020)

Operational Observation

Field observations are needed with the aim of obtaining data to be able to formulate a finding. Of course, the data obtained are structured and some are unstructured. Structured data can be obtained by an auditor through a data base owned by a company. Ledgers, payments, supplier partner records, customer identification numbers are examples that can be provided with a structured database. With the current technological advances, special consideration is needed when it comes to various data collections, e-mail, social media activities, scanned data. Unstructured data seems to have started to increase sharply since 2000 and reached 120 digital data stored (exabytes) until 2020. When it comes to document access, remote auditing needs to pay attention to the storage and security of the digital data base owned by the company, it could be it is possible to do livestreaming, virtual interviews.

Things that need attention in observations or field observations through virtual media, are the confidentiality and security aspects of the information to be shared. Making an agreement with the parties concerned must be good and clear enough, but if this is not even difficult for mutual agreement to occur, then an onsite audit can be an alternative consideration or other way out. In addition to the nature of data confidentiality and security,

another thing that must be a concern is the Stability/capability of the ICT, which must meet the connection stability requirements and be able to connect with good and smooth audio and video. Another approach is to utilize two-way direct communication technology, including the use of two-way smart glasses technology, and there is also an auditor when conducting an inspection or checking that he does through a live work process (live walk-through).

Communication

In conducting remote audit communication, it definitely requires the involvement of various parties, especially the Auditor team and existing clients. Important parties or parties who have a major influence in the implementation of the audit are located far apart, then the audit will be carried out much more difficult than checking in normal times. media in the implementation of the audit process, which are usually used during the covid 19 pandemic, include Zoom, Google Meet, Whatsapp Video and many more. The smooth running of communication in obtaining digital data needed by an auditor needs to pay attention to the media used in the process of sending digital data in the form of documents or recordings before the implementation and when the audit process takes place using Whatsapp media or video conference media. Communication can be carried out properly, of course, requires the mutual consent described in the Non-Disclosure Agreement with the aim of maintaining the security and confidentiality of the Documents or Data that will be shown to the client. The cause of failure in communication is media that is not in accordance with the situation of the communication process and communication conditions.

The implementation of remote checking assignments has several types of considerations, including access to inspection locations that are prohibited by the local government due to the COVID-19 pandemic conditions that limit social interaction, besides that there are several things in this remote audit that can be said to bring benefits , for example :

- a. Minimize the travel costs of an auditor with the existing team, this is because remote inspections can be carried out from their respective places of residence (Magablihi (2019) and Nguyen et.al. (2020).
- b. The implementation of remote inspection shows that there are various possibilities that will arise, especially in the documentation of the data obtained. Therefore, it is necessary to make efforts to expand the range of documents related to field observations as much as possible. Thus, it can be implicitly concluded that an auditor really needs many other backup documents to review the authenticity of the findings. Technological advances in the data analysis process need to be watched out for, and the potential risk of data manipulation is relatively high. The auditor must be able to understand the level of electronic and paper evidence so that an auditor as much as possible can interpret whether the evidence contains fraud or other fraudulent acts or not (Koerniawati, 2021; Farcane et al., 2022)
- c. Improved information access technology outfits must exist, with the aim of strengthening documentation and reporting. Video-meeting platforms may be one of the useful things for an auditor, to make it easier to review reports and working papers in real-time. Meanwhile, there are several things that can be observed as limitations of the remote audit process, namely the direct observation by coming to the place which can be said to be irreplaceable, and the lack of communication, because remote auditing can allow for something that makes it difficult to establish a relationship. with auditees. There are several other things that must be considered by an auditor who will conduct a remote audit, is to be aware of the risks and opportunities of the information and communication technology devices used and their impact on the validity or authenticity

and objectivity of the information collected. An auditor must have the competence and ability to review, use and utilize information and communication technology that will be used to achieve the desired audit or assessment results. During the COVID-19 pandemic, there have been many innovations and transformations to focus on business and carry out remote audits to solve problems during this pandemic. Remote auditing is also expected to be a middle ground for a businessman to continue to run his business in the midst of this COVID-19 pandemic (Farcane et al., 2022, Koerniawati, 2021; Khoirunnisa et al., 2021).

In the new normal era, auditors inevitably have to use information technology and digitalization as a whole in the audit process. They are required to be able to adapt information technology and digitalization quickly to support remote auditing. Auditors must be able to make flexible innovations in order to respond to the COVID-19 situation by adapting the right information technology.

CONCLUSION

Covid 19 has brought about a change in the work style of auditors as well as the audit process. Social distancing causes innovation in the audit process to be carried out by remote auditing. The use of information technology is important in the remote audit process. The entire audit process from planning, working papers, documentation, communication and supervision requires information technology tools, so that remote audits can be carried out while adhering to applicable audit standards. Thus, the auditor as the perpetrator of the audit process must be able to understand and analyze the level of electronic evidence and paper evidence, so as to be able to interpret whether the evidence contains fraud or other fraudulent acts or not. Further research can explore the optimization of remote auditing by utilizing information technology, analyzing quality audit if using remote audit, the success factor of the audit process with remote audit, the right information technology used in remote audit.

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