

**THE INFLUENCE OF IMPLEMENTATION ALTERNATIVE
AUDIT PROCEDURES ON THE AUDIT QUALITY RESULTS
IN THE COVID-19 PANDEMIC
(Study at Auditors on Public Accounting Firm Auditors
in Central Java)**

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Abstract

The accuracy of the audit results is determined by the auditor's ability to perform their duties in accordance with the applicable public accountant code of ethics and auditing standards. The auditor can find irregularities in the client's accounting system while auditing the financial statements of the client and report them in the audited financial statements. This study aims to determine whether the covid-19 pandemic that occurred affected auditors in auditing the financial statements of a company, causing differences in the quality of audit results. This study uses a survey method using a quantitative approach. The data collection method used a questionnaire with a sample of 90 respondents who were both junior and senior auditors at the Public Accounting Firm in Central Java. Sampling technique with saturated sampling. Based on the results, all variables have a significant effect on the quality of audit results during the COVID-19 pandemic. This shows that if the variables of audit evidence, audit digitization, and professional skepticism are good, the quality of the audit results will also be good.

Keywords: Audit Evidence, Audit Digitization, Professional Skepticism, Quality of Audit Results

1. INTRODUCTION

In early March 2020, the Covid-19 outbreak was detected in Indonesia. The spread is said to be easy to transmit from human to human through close contact, droplets and air bone which spreads quickly. At this time the virus has spread rapidly throughout Indonesia in 34 provinces including Central Java. In prevention, WHO and the Indonesian government issued a policy to temporarily stop activities outside the home such as school and work. The Indonesian government implemented a program created by the World Health Organization (WHO), namely the "Social Distancing" program which was later changed to "Physical Distancing". Existence of physical separation, both on a large and a small scale, can impede activity in a variety of domains, including the normal execution of audit procedures (Ministry of Finance, 2020).

The COVID-19 pandemic also affects the outcomes of gathering audit evidence. For instance, the implementation of Large-Scale Social Restrictions (hereinafter referred to as PSBB) has an effect on restrictions on health insurance and travel as well as the availability of personnel from auditors and auditees. Auditors need to make pertinent changes in this case while also investigating alternative audit procedures. In order to identify changes relevant to the auditor's capacity to acquire sufficient and appropriate

audit evidence during this pandemic, auditors must pay special attention to how Auditing Standard (SA) 330 (Auditor responds to evaluated risks) acts as a guide (Ministry of Finance, 2020).

The more go public companies that require quality audit results of financial statements, resulting in more public accountants trying to improve the quality of their audit results. However, there are also cases where it is found to have a negative impact on audit quality. One of them is the case in Indonesia which happened to PT. Garuda Indonesia (Persero) Tbk in 2019 an article in Garuda's financial report found irregularities. It all began with the financial accounts for the 2018 fiscal year of Garuda Indonesia. In its financial filings, Garuda Indonesia Group reported a net profit of USD 809.850, or Rp11,33 billion (assuming an exchange rate of Rp14.000 per US dollar). This sum increased dramatically compared to 2017's loss of USD 216,5 million. PT Garuda Indonesia (Persero) Tbk utilized Public Accountant (AP) Kasner Sirumapea Public Accountant Office (KAP) Tanubrata Sutanto Fajar Bambang and coworkers in this instance (members of BDO International).

Hadiyanto as Secretary General of the Ministry of Finance, elaborated on the negligence that had been done. First, this AP has recognized receivables revenue despite the fact that the company has not yet received it in nominal terms. Hadiyanto stated on Friday (28/6) that it has been shown that this AP violated Audit Standard (SA) 315. Second, the certified public accountant has not collected sufficient audit evidence to evaluate the accounting treatment in line with the terms of the transaction agreement. This is known as a SA 500 violation. Lastly, in violation of SA 560, AP cannot use events that occurred after the date of the financial statements as a basis for accounting treatment. In addition, the Public Accounting Firm (KAP) where Kasner is expected to manage quality standards is needed to conduct a KAP audit (cnnindonesia.com published 28 June 2019).

Since the development of technology and the industrial revolution 4.0, remote auditing has become one of the discourses or ideas for the internal audit profession in carrying out work activities and inspection processes. Remote auditing is the right choice because: Most companies that are still carrying out work from office activities continue to implement the Covid -19 health protocol by banning crowds. The company has created a Covid-19 prevention protocol for its operational activities and all of its auditors are required to work remotely. Based on this, the remote auditing method is ideally suited for implementation, particularly if the organization currently employs an integrated ERP system, from which auditors may readily collect data and information to assist the remote auditing process (Moruff et al., 2021) .

Several phenomena have been associated with the quality of audit results. From this phenomena, we may deduce that a number of circumstances lead the quality of audit reports to deteriorate and even be questioned. There have been many studies with the theme of quality audit results. Abdullah (2016); Dharmawan (2017); Gaol (2017); Lufriansyah & Siregar (2018); Siahaan & Simanjuntak (2019) examined “the effect of auditor competence, accountability, and audit evidence on the quality of audit results on KAP auditors in Medan”. Researchers were also conducted by Manita et al. (2020) on “the effect of digitization (a survey on big four and non big four KAPs in Indonesia)”. Researcher by Azalia (2020) on “the effect of competence, professionalism and professional skepticism of auditors on audit quality at KAP in Jakarta”. And also researchers by Mulyandini & Natita (2021) about “Remote auditing as an alternative audit

procedure for the regional inspectorate of West Papua province during the covid-19 pandemic”.

According to the background described above, this research was conducted with the aim of finding out whether the Covid-19 pandemic that occurred affected auditors in auditing the financial statements of a company, causing differences in the quality of audit results.

2. LITERATURE REVIEW

2.1. Attribution Theory

The attribution theory is a theory that was initially proposed by Kelley (1973) in his theory that explains how people come to conclusions about what is the fundamental cause of someone taking an action or deciding to act in a certain way. Kelley was the first person to propose the attribution theory.

2.2. Quality of Audit Results

The level of audit quality refers to the possibility that an auditor may discover breaches in the accounting procedures used by the organization (Agusti & Pertiwi, 2013). The quality of a remote audit is a measure of how well an auditor performed when auditing the financial statements of an entity that was located in a distant environment or that utilized remote systems.

2.3. Audit Evidence

Audit evidence is a set of information needed by the auditor to carry out audit tasks (Rahim et al., 2020). Sufficient and dependable audit evidence can discover if there are discrepancies in the financial statements, and the audit results will conform to auditing requirements. In the research of Pintasari & Rahmawati (2017), it is stated that Audit evidence has a substantial favorable effect on audit outcomes quality. If the audit evidence collected is more trustworthy, the audit findings will be improved. This demonstrates that audit evidence has a major impact on the quality of audit outcomes.

H1: Audit Evidence Has a Significantly Positive Effect on the Quality of Audit Results at Public Accounting Firms in Central Java.

2.4. Audit Digitization

Audit digitization is a process of developing technological advances in the 4.0 era where all use digital processes, the use of digital technology in the audit process has a positive impact on companies such as the company's operational processes being more effective and efficient and the quality of the data produced is of higher quality. In the research of Rahim et al. (2020) it is stated that Audit Digitalization has a considerable positive impact on the Quality of Audit Results. Increasing significance in auditing due to the fact that digital technology can speed up auditors' work, improve audit quality, generate new auditor profiles, a culture of innovation in KAP, and strengthen corporate governance since managers can monitor faster and multiple teams using digital systems. This demonstrates that audit digitization significantly affects the quality of audit results.

H2: Audit Digitalization Has a Significantly Positive Effect on the Quality of Audit Results at Public Accounting Firms in Central Java.

2.5. Professional skepticism

Skepticism has a doubtful origin, mainly uncertainty. Meanwhile, the auditor's professional skepticism refers to the auditor's cautious approach to a circumstance or audit evidence that has been identified as having the potential for misrepresentation. In the research of Kusumawati & Syamsuddin (2018), it is stated that Professional skepticism has a major favorable effect on audit results' quality. The auditor's lack of professional skepticism will result in a decline in audit quality. In addition, the auditor is unable of detecting fraud because auditor or she accepts the client's answer without clear supporting proof. In the meantime, the likelihood of fraud decreases as the auditor's level of professional skepticism increases. This demonstrates that professional skepticism significantly impacts the quality of audit outcomes.

H3: Professional Skepticism Has a Significantly Positive Effect on the Quality of Audit Results at Public Accounting Firms in Central Java.

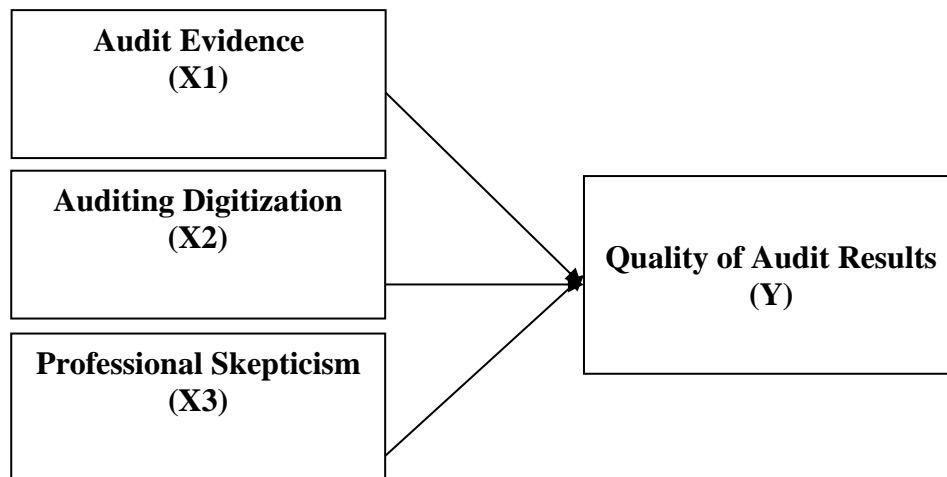


Figure 1. Framework of Thinking

3. RESEARCH METHODS

This study employed quantitative data from original sources. The data was collected via a questionnaire, and the sample amount in this study was 90 auditors from public accounting firms in Central Java. Technique for sampling with saturated sampling. Descriptive analysis, instrument testing, classical assumption testing, multiple linear regression analysis, and model feasibility testing were employed as data analysis techniques.

4. RESULTS AND DISCUSSION

The results of the descriptive analysis of the audit evidence variable (X1) obtained an average of 4.53 which shows that respondents agree about the existence of audit evidence to improve the quality of audit results during the COVID-19 pandemic at KAP Central Java. The audit digitization variable (X2) obtained an average of 4.46 which shows that respondents agree on the need for audit digitization to improve the quality of audit results during the COVID-19 pandemic at KAP Central Java. The professional

skepticism variable (X3) obtained an average of 4.30 which shows that respondents agree about the need for professional skepticism to improve the quality of audit results during the COVID-19 pandemic at KAP Central Java.

4.1. Instrument Test

4.1.1. Validity test

Based on the results of the validity test of Audit Evidence (X1), Digitalization of Audits (X2), Professional Skepticism (X3), and Quality of Audit Results (Y) obtained a significant value ($p\text{-value} = 0.000 < 0.05$), all questionnaire items are Audit Evidence variables. (X1), Audit Digitization (X2), Professional Skepticism (X3), and Quality of Audit Results (Y) are valid.

4.1.2. Reliability Test

Based on the results of the reliability test of the Audit Evidence variables (X1), Audit Digitalization (X2), Professional Skepticism (X3), the Cronbach alpha value > 0.60 means that all of the variables used in the questionnaire are reliable or pass the reliability test.

4.1.3. Classic Assumption Test

Table 1. Classical Assumption Results

No	Classic assumption test	Test results	Conclusion
1.	Multicorrelation Test	Tolerance value $> 0,10$ VIF value < 10	Passed the Multicorrelation Test
2.	Autocorrelation Test	$p\text{-value (significant)} 0,773 > 0,05$	Passed the Autocorrelation Test
3.	Heteroscedasticity Test	$p\text{-value} > 0,05$	Passed Heteroscedasticity Test
4.	Normality test	$p\text{-value (significant)} 0,053 > 0,05$	Passed the Normality Test

Source: primary data processed, 2022

4.1.4. Multicorrelation Test

Audit Evidence variable (X1) has a tolerance value of 0.942 while the VIF value is 1.890, the Audit Digitization Variable (X2) has a Tolerance value of 0.939 while the VIF value is 1.700 Professional Skepticism (X3) has a Tolerance value of 0.965 while the VIF value is 1.682 This shows that the regression model passed the multicollinearity test.

4.1.5. Autocorrelation Test

Based on the results of the autocorrelation test using the Runs Test, it shows a $p\text{-value of } 0.773 > 0.05$, this means that there is no autocorrelation between independent variables (passing the autocorrelation test).

4.1.6. Heteroscedasticity Test

Based on the Heteroscedasticity test using the Glejser test, the $p\text{-value for the Audit Evidence variable (X1) is } 0,930$, The Audit Digitization Variable (X2) is 0,844, and the Professional Skepticism variable (X3), equal to 0.870, all $p\text{-values} > 0.05$ means that the regression model used does not occur heteroscedasticity.

4.1.7. Normality test

Based on the results of normality testing using the Kolmogorov Smirnov test (KS) obtained p-value $0.053 > 0.05$. This shows that the residual data is normally distributed (passed the normality test).

Table 2. Hypothesis Test Results

Variable	Unstandardized coefficients B	T	Sig	F	R ²	Adjust R ²
(constant)	23,394	5,805	,000			
Audit Evidence	,359	1,656	,001			
Audit Digitization	,265	2,075	,000			
Professional Skepticism	,391	2,331	,000			
ANOVA			,000 ^b	534,469		
Determinant Coefficient					,713	,703

Source: primary data processed, 2022

4.1.8. Multiple Linear Regression Analysis

From the table above, we get the regression equation

$$Y = 23,394 + ,359X_1 + ,265X_2 + ,391X_3 + e$$

The interpretation of the regression equation above is:

$$a = 23,394 \text{ (positive)}$$

It means that if Audit Evidence (X_1) = .359, Audit Digitization (X_2) = .265, Professional Skepticism (X_3) = .391, then the Quality of Audit Results (Y) is positive.

4.1.9. Model Feasibility Test

1) T test (partial test)

Based on the results of the t-test, the p-value on the audit evidence variable is 0,001, the audit digitization variable is 0,000, the professional skepticism variable is 0,000, then H_0 is rejected and H_a is accepted, meaning that audit evidence (X_1), audit digitization (X_2), professional skepticism (X_3) has a positive effect. on the quality of audit results (Y).

2) F test

The results of the analysis obtained that the F statistic value was 49,993 with a p-value of $0.000 < 0.05$, then H_0 was rejected, meaning that there was a significant influence on the independent variables, namely the Audit Evidence variable (X_1), Audit Digitization Variable (X_2), Professional Skepticism variable (X_3), and the quality of the audit results (Y) it can be concluded that the multiple linear regression model used is correct (fit).

3) R^2 Test

The calculation results obtained the value of Adjusted R^2 Square = 0,73 it is known that the influence given by the independent variables, namely the audit evidence variable (X_1), the audit digitization variable (X_2), the professional skepticism variable (X_3), and the quality of the audit results (Y) have a significant effect of 71,3 % while the rest ($100\% - 71,3\% = 28,7\%$) is influenced by other factors outside the variables studied.

4.2. Discussion

4.2.1. The Effect of Audit Evidence on the Quality of Audit Results

According to the findings of study, audit evidence has a major impact on the quality of audit outcomes. This is evidenced by the results of the validity test analysis obtaining a p-value of 0,000 so that each item is declared valid, for the reliability test it is obtained a Cronbach alpha of 0,952 so that each item is declared reliable. From the results of partial hypothesis testing, it shows that audit evidence is obtained from the t-count value of 1,656 with a sig value of $0,001 < 0,05$.

The results of this study are in line with the theory used, namely the Attribution Theory where the behavior of individuals is influenced by the external environment. When the auditor is influenced by the external environment in the form of reliable evidence, it will affect the behavior that produces quality audit results. Another thing is supported by research conducted by Rahim et al. (2020) and Aulia et al. (2022) which proves that “the more reliable the audit evidence collected, the better the audit results”.

4.2.2. The Effect of Audit Digitization on the Quality of Audit Results

According to research findings, the audits digitalization has a major impact on the quality of audit outcomes. This is evidenced by the results of the analysis of the validity test obtaining a p-value of 0,000 so that each item is declared valid, for the reliability test it is obtained a Cronbach alpha of 0,928 so that each item is declared reliable. From the results of partial hypothesis testing, it shows that audit digitization is obtained from the t-count value of 2,075 with a sig value of $0,000 < 0,05$.

The results of this study are in line with the theory used, namely the Attribution Theory where the behavior of individuals is influenced by the external environment. When the auditor is influenced by the external environment in the form of digital technology, so that the audit process has a positive impact on the company, such as the company's operational processes being more effective and efficient and the quality of the data produced is of higher quality. Supported by research conducted by Manita et al. (2020) which proves that “Audit Digitalization has a significant positive effect on the Quality of Audit Results”. Increasing significance in auditing due to the fact that digital technology can speed up auditors' work, improve audit quality, generate new auditor profiles, a culture of innovation in KAP, and strengthen corporate governance since managers can monitor faster and multiple teams using digital systems.

4.2.3. The Effect of Professional Skepticism on the Quality of Audit Results

According to the findings of study, professional skepticism has a major impact on the quality of audit results. This is evidenced by the results of the analysis of the validity test obtaining a p-value of 0,000 so that each item is declared valid, for the reliability test it is obtained a Cronbach alpha of 0,931 so that each item is declared reliable. From the

results of partial hypothesis testing, it shows that professional skepticism is obtained from the t-count value of 2,331 with a sig value of $0,000 < 0,05$.

These findings are consistent with the employed theory., namely the Attribution Theory in which the individual's behavior is influenced by the internal environment. When the auditor is influenced by the internal environment in the form of an auditor's high caution in dealing with a situation or audit evidence, it is not indicated to have the possibility of misstatement resulting in quality audit results. Supported by research conducted by Kusumawati & Syamsuddin (2018) and Lamba et al. (2020) which proves that "professional skepticism has a significant positive effect on the quality of audit results".

5. CONCLUSION

On the basis of the research conducted, it can be stated that the audit evidence variable impacts the quality of the audit results, as well as the audit digitalization variable and the professional skepticism variable. From this statement, if the variables of audit evidence, audit digitization, and professional skepticism increase, the quality of the audit results is also of higher quality or better.

The limitation in this study is that it only uses three variables, this study also uses a questionnaire where the researcher cannot control the respondents' answers, where the answers are not necessarily with the conditions experienced. In this study also during the covid-19 pandemic where it was a force majeure or just so limited to literature that became a reference.

Suggestions can be given so that KAP auditors can improve their audit digitalization soft skills further because it is the latest breakthrough in this digital-era, and for further researchers it is expected to have a role as a developer of literature in the field of accounting, especially in the field of auditing.

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