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IMPLEMENTATION OF REMOTE AUDITING: A LITERATURE REVIEW

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ABSTRACT
The threat of bankruptcy for companies due to the Covid-19 pandemic has made many companies commit fraud by manipulating data and recording in their financial statements so that the value of their income increases. This is a challenge for auditors in carrying out their duties to assess the fairness of financial statements. Moreover, access restrictions cause auditors to be unable to come directly to the location to carry out the audit process. The option that can be done by the auditor team so that they can still conduct an examination without having to meet in person is a remote audit. This study aims to find out, analyze, explain, and reveal how the effectiveness of the implementation of remote audits as a result of the Covid-19 pandemic. This research uses qualitative methods with literature review techniques. The data used is secondary data sourced from articles, journals, and previous studies that are relevant and related to the topic or title of this research. This study found that the existence of access restrictions causes auditors to be unable to come directly to the location to carry out the audit process. The implementation of remote audit is considered effective for auditors because it provides many benefits for auditors in conducting the audit process remotely. However, keep in mind that remote auditing also has its own disadvantages, so it is necessary to reconsider the decision to use remote auditing.

Keywords: Remote Audit, Implementation, Literature Review

INTRODUCTION

The Covid-19 pandemic has made it difficult for businesses to carry out their business activities. One of the impacts of this event in the economic sector is the decline in investor confidence in the company's financial statements (KPMG, 2020). The company's financial statements are important for investors in making decisions (Sari et al., 2022). Based on this, the threat of bankruptcy for companies due to the Covid-19 pandemic has made many companies commit fraud by manipulating data and records in their financial statements so that the value of their income increases (Albitar et al., 2020).

Auditors have the task of checking the fairness of the financial statements of a company. Auditors must find sufficient audit evidence to support the audit of their clients' business continuity (Zhafirah et al., 2022). The quality of auditors in conducting the audit process is very important because it can show and influence the auditor's ability to detect possible material misstatements in the client's financial statements (Lenz & Hahn, 2015). Good audit quality can be useful in increasing shareholder confidence in the content of the financial statements presented (Gerged et al., 2020).

Due to the impact of the Covid-19 pandemic, many auditor teams are constrained in conducting direct examinations with clients because the government imposes a lockdown and physical distancing system. The option that can be done by the auditor team so that they can still conduct an examination without having to meet in person is a remote audit (Febriyana et al., 2023). According to ISO 9001, remote audit is the use of information technology to obtain data, interview clients, and other audit procedures (International Organization for Standardization, 2020). Therefore, remote audit is one of the solutions for auditors in carrying out their activities during the Covid-19 pandemic (Sari et al., 2022).. Auditors are forced to adapt to these conditions because they are required to produce the best audit quality (Minarhadi, 2022).

Behind the convenience for the auditor team to carry out their activities in the audit, there are also several obstacles that may occur. Therefore, researchers are interested in conducting research with the title “Implementation of Remote Auditing : A Literature Review”. In this study, researchers will discuss how the advantages and disadvantages of using remote audits, how the obstacles faced when implementing them, and whether remote audits can be considered effective to be applied in conducting remote audits. This research is important to do in order to find out, analyze, explain, and reveal various things that are discussed in this study such as the advantages and disadvantages of using remote audits, the obstacles faced when implementing them, and how effective the implementation of remote audits is. This research can be useful as a reference for auditors when they want to implement remote auditing in their auditing process. The difference between this research and previous studies is the different research time. This research was conducted in 2024 where the Covid-19 pandemic had begun to subside, but its impact was still very much felt. So that the application of remote auditing, which was originally widely used during the Covid-19 pandemic, is still being used today.

LITERATURE REVIEW

Previous studies with topics related to remote audits have been conducted by several researchers, including by (Febriyana et al., 2023) who discussed topics related to remote audits with a study entitled "Literature Study: Remote Audit". The results of this study indicate that the implementation of remote audits during the COVID-19 pandemic has a considerable impact. This method provides assurance, guarantees the integrity of the audit process, and manages time and costs for auditors and clients. One of the benefits is that it enables investment in technological infrastructure, ensures audit standards are met, strengthens auditor credibility, and increases public trust in the method.

Similar research was also conducted by (Istiqomah, 2023) with his research entitled "Remote Audit Strategy during Pandemic". The results showed that the use of technology can help perform alternative procedures, such as taking money through video or video conferencing, taking stock, inspecting goods, services, and capital, taking photos of work with geotagging, sending electronic mail or email for confirmation and information requests, and storing digital copies of test documents. Auditors are assisted by computer-assisted auditing techniques, big data analytics, and artificial intelligence to meet audit targets, provide sufficient audit evidence, and produce quality audit reports.

Research on the remote audit process was also conducted by (Akbari, 2021) which states that the remote audit process has a significant relationship with auditor performance. This illustrates that the more technology is applied properly in the audit process, it will have an impact on auditor performance. Technology that is applied in the audit process will assist auditors in the process of examining audit evidence. So that the application of technology in conducting audits will be more effective and efficient.

In addition, research on remote audits was also conducted by (Nuralifia & Pramudyastuti, 2023) entitled "Remote Audit Examination of Audit Quality in the Covid-19 Period". The results showed that remote audits are also effective and efficient like conventional audits. This study can also conclude that remote audits have the same quality as conventional audits as long as the audit process is assisted by both parties-auditors and audited parties.

METHODS

In this study, researchers used qualitative methods with literature review techniques. Qualitative research is a type of research that produces written data in the form of words about a phenomenon that is being observed. According to (Anggito, 2018), research with qualitative methods aims to analyze and describe a phenomenon that occurs using data based on facts so that it can support the report. The data used in this research is secondary data sourced from relevant and related articles, journals, and previous studies by emphasizing keywords that are in accordance with the topic or title of this research. The results of the literature study will be analyzed to produce conclusions regarding the effectiveness of remote audits as an impact of the Covid-19 pandemic.

RESULTS

Technology-Based Remote Audit

The use of technology is very important in the current era of digital development. Technology is increasingly developing in all corners of the world. Technology is technical equipment used to process, process and store information data. Information technology is increasingly developing and innovating to become more sophisticated in keeping up with the times. Almost everyone has utilized technology in their daily lives and in various aspects, such as economic, political, social, and cultural aspects. In the economic aspect itself, the use of technology is also very necessary and an important factor in the success of its business, including auditors. One of the techniques used by technology-based auditors is remote auditing.

Remote audit is a technique performed by auditors by utilizing information technology and data analysis to assess and report the accuracy of evidence from auditee internal control financial data regardless of the auditor's location (Teeter et al., 2010). According to The Chartered Quality Institute (2020) in (Maulida, 2021), remote audit is a technique for conducting audits remotely with the process of finding audit evidence through the use of technology such as email, telephone, and video conferencing. From the understanding put forward by the two experts, it can be interpreted that remote audit is an information technology-based audit implementation technique to assess, find, and report the accuracy of financial data and audit evidence without having to come directly to the auditee's location. The application of technology-based remote auditing in performing the duties and functions of auditors through remote audits is expected to be able to carry out organizational governance properly (Castka & Searcy, 2023).

Remote Audit Implementation Process

According to (Tysiac, 2020) in (Aziz et al., 2022), the implementation of remote audits can be done with two approaches, namely partial remote audits and full remote audits. A partial remote audit is the application of a remote audit by combining two procedures, namely remotely and directly on site. With a partial remote audit, the auditor can verify problems, information or audit findings that cannot be detected through a remote audit. While a full remote audit is an application of a remote audit that is carried out entirely through a remote audit in collecting the required information, findings, or audit evidence.

The process or procedure of a remote audit is not much different from auditing procedures in general, the only difference is that the audit procedure is carried out virtually using currently developing technology, such as video conferencing, telephone, messages or email. The procedure for implementing a remote audit according to (Nuralifia & Pramudyastuti, 2023), including:

First, Preparation is the initial stage in conducting a remote audit. In this stage, the auditor must plan the schedule and implementation of the audit to be carried out, and communicate with the client. At this stage the client also needs to prepare documents that will be needed by the auditor during the audit, and prepare the platform that will be used to communicate with the auditor, and ensure the auditor's availability according to the schedule.

Second, the implementation stage has three procedures to be carried out, namely the document review stage, the company visit stage, and the interview stage. At the document review stage, the auditee presents the prepared documents through the platform they use to communicate with the auditor. However, if the auditor requires physical documents, the auditee must prepare scanned documents and it is recommended that the auditee provide access to the documents to the auditor to facilitate the auditor in conducting document review. Auditors must also ensure the accuracy of the data submitted.

At the company visit stage, the auditee will explain and present information about his company through a two-way communication platform, where the auditee can explain parts of his company and then the auditor can also ask the auditee to explain certain parts in accordance with the standards used. This is useful in the auditor's assessment of his client's business.

The interview stage between the auditor and auditee is also conducted through a two-way communication platform, such as video conferencing. The auditor will ask various questions to the auditee related to data or documents to ensure the accuracy and correctness of the documents, as well as how the process carried out by the auditee in presenting the company's financial statements.

Third, Closing and Reporting the auditor will present the results of his findings during the audit process and provide an opportunity for the auditee to clarify if there are results that are deemed inconsistent with the available evidence. Because the audit results, namely the audit report, will be issued based on mutual agreement.

Benefits of Remote Audit Implementation

The implementation of remote auditing during the Covid-19 pandemic provides many benefits that can facilitate the duties of auditors. In a research article belonging to (Aziz et al., 2022), (Kashyap, 2020) expressed his opinion regarding the benefits resulting from the implementation of remote audits, including:

Time and space efficiency

With remote audit, auditors will obtain documents and data through technology-based storage, such as the cloud. This will save time and costs that will be incurred in conducting document examinations. Client interviews and observations can also be conducted through the use of technology-based platforms such as Google Meet or Zoom.

Audit team efficiency and flexibility

The implementation of remote audit makes the auditor's performance more efficient because auditing can be done flexibly and anywhere without having to come directly to the auditing location.

Strengthening documentation and reporting

Implementing remote auditing can strengthen auditors' understanding of collecting information, documents, and data through the use of information technology. This can improve the quality of documentation, improve capabilities in reporting situations between auditors and auditees, and can increase training opportunities in conducting remote audits.

Meanwhile, (Litzenberg & Ramizer, 2020) expressed their opinion about the benefits obtained from implementing remote audits, including: 1) Can minimize travel costs that will be incurred; 2) Increase the document check rate for audits; 3) Improve competency in information technology aspects so as to strengthen documentation and reporting; 4) Improve document and data assessment results from clients; 5) Reduce the audit burden on operational costs.

Challenges in Implementing Remote Audit

Wahyu Prasetyo and Subagio Tjahjono (IIA Indonesia Volunteer, 2022) in research conducted by (Maulida, 2021) stated that there are several obstacles that arise in implementing remote audits, including:

Auditors cannot make direct observations to the auditee location. The implementation of a remote audit causes the auditor to be unable to directly inspect and assess the situation at the auditing location. This can affect the auditor's ability to find physical evidence or check the accuracy of information obtained from the auditee.

The relationship between auditors and auditees becomes more difficult. The implementation of remote audit causes a lack of direct interaction between auditors and auditees so that the ability to build relationships will become more difficult. Communication through technology-based platforms is limited and can reduce the level of flexibility in communication and trust between auditors and auditees.

Lack of direct communication between auditors and auditees which is an opportunity for fraud. The lack of direct communication between auditors and auditees can be an opportunity for irresponsible auditees to hide or falsify information related to the audit process. This leads to a high risk of inaccuracies or manipulations that cannot be detected during the audit process.

CONCLUSION

All aspects of life in the world are victims of the Covid-19 pandemic. In the economic field, the threat of bankruptcy for companies due to the Covid-19 pandemic has made many companies commit fraud by manipulating data and recording in their financial statements so that the value of their income increases. In addition, various challenges also arise as a result of the Work From Home policy implemented by the government to prevent the spread of Covid-19. This is a challenge for auditors in carrying out their duties, namely examining and assessing the fairness of financial statements. Therefore, remote audit emerged as an alternative in carrying out the audit process in the midst of the Covid-19 pandemic. The implementation of this remote audit is considered effective for auditors. With remote audit, auditors can take advantage of emerging technologies to continue to carry out the audit process effectively and more efficiently, while maintaining the reliability of the resulting audit. Remote audit provides many benefits for auditors in conducting the audit process, including minimizing costs incurred, time efficiency, the auditing process becomes more efficient and flexible, and strengthens audit documentation and reporting. However, keep in mind that remote auditing also has its own disadvantages so it is necessary to reconsider the decision to use remote auditing.

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