

REMOTE AUDIT COMPARED TO ONSITE AUDIT AND THE CAPABILITIES REQUIRED IN THE VIEW OF INTERNAL AUDITOR PRACTICES

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Abstract

The COVID-19 pandemic has made the business model change even faster. One of the things that must be adjusted is the organization that is engaged in auditing, especially internal audit. If in the past, the audit process was carried out with on-site visits, now it can be done with a new process called remote audits. therefore, this requires new competence in conducting audits, especially how to conduct remote audits, but can still produce audit reports of the same quality as the previous reports. In practice, there are some similarities and differences in conducting remote audits compared to onsite audits. This paper will discuss the internal auditor's views regarding the similarities and differences between the remote audits and onsite audits processes from the view of auditors practitioners and what capabilities the auditor needs to deepen so that the remote audits process can run well. this study uses an explorative descriptive method involving 20 internal auditors as respondents, who were asked for their opinion in October 2022. The results of the study indicates that there is no difference in the planning process and reporting process. The only difference is in fieldwork, where remote auditing is technically more difficult. In addition, auditors are expected to deepen their knowledge in the field of digital and communication technology.

Keywords: Auditing, Remote, Internal, Auditing

Abstrak

Pandemi COVID-19 membuat model bisnis berubah lebih cepat. Salah satu yang harus disesuaikan adalah organisasi yang bergerak di bidang audit, khususnya audit internal. Jika dulu proses audit dilakukan dengan on-site visit, kini dapat dilakukan dengan proses baru yang disebut remote audit. oleh karena itu diperlukan kompetensi baru dalam melakukan audit khususnya bagaimana melakukan audit jarak jauh, namun tetap dapat menghasilkan laporan audit dengan kualitas yang sama dengan laporan-laporan sebelumnya. Dalam praktiknya, terdapat beberapa persamaan dan perbedaan dalam melakukan remote audit dibandingkan dengan onsite audit. Tulisan ini akan membahas pandangan auditor internal mengenai persamaan dan perbedaan antara proses remote audit dan onsite audit dari pandangan praktisi auditor serta kapabilitas apa yang perlu diperdalam oleh auditor agar proses remote audit dapat berjalan dengan baik. penelitian ini menggunakan metode deskriptif eksploratif dengan melibatkan 20 auditor internal sebagai responden yang diminta pendapatnya pada bulan Oktober 2022. Hasil penelitian menunjukkan bahwa tidak terdapat perbedaan proses perencanaan dan proses pelaporan. Satu-satunya perbedaan adalah dalam kerja lapangan, di mana audit jarak jauh secara teknis lebih sulit. Selain itu, auditor diharapkan memperdalam pengetahuannya di bidang teknologi digital dan komunikasi.

Kata Kunci: Audit, Jarak Jauh, Internal, Audit

INTRODUCTION

Currently there is a change in business models in all types of industries. We have all heard of the term Era of Disruption which is capable of destroying the establishment of large

industries so that in recent years the revenues of these industries have fallen drastically.¹ Not to mention the addition of the Covid-19 Pandemic which has made various restrictions on social activities carried out by the government. For To overcome this, all agencies are transforming how they work as quickly as possible so that the business continues, one of which is by using digital technology for its business processes. Various online meetings began to be carried out intensively and document traffic was carried out using e-mail, which previously used hard copy to be replaced in soft copy form.² In general, auditors are divided into 2, namely external auditors and internal auditors . External auditors generally begin their work by focusing on the assertions about financial statement amounts and information disclosed in the footnotes prepared by management, and then they begin to obtain and evaluate evidence to approve or disapprove the statements on the reports. While the internal auditor is somewhat different from the external audit because it is often not equipped with an explicit representation. For example, internal auditors are asked to make an evaluation of the cost policy between renting or buying.³

Remote audit is used when face-to-face methods are not possible which refers to the use of Information Communication Technology (ICT) in gathering information, interviewing clients, and others. Remote auditing is also called virtual auditing. Virtual audit is a series of audit activities in a virtual environment.⁴ Virtual environments can be structured by digital and non-digital based activities using technology assets (hardware, automated devices, PLCs) in making some or all of the decisions . Remote auditing and audit agility have a close and complementary relationship.⁵ Technology is used to carry out the audit function. Implementation of remote audits can help auditors carry out their duties properly so that organizational governance is expected to run well . Remote audit is also an agile audit process or audit agility which management really needs at this time.

In the field of auditing, there has also been a shift in the way of work. In response related to activity restrictions and for reasons of efficiency of the audit process, which was previously carried out using client visits, was replaced with a remote audit process. The remote audit process is an audit process in which the auditor is not at the auditee's place (onsite). The remote audit process is carried out remotely, communication is carried out using various digital media, starting

¹ A. S Ervianingsih, P., Astari, S., Zahran. I. Hurria, Mursyid, M. & Samsi, "Pencegahan COVID-19 dengan Pembuatan dan Pembagian Handsanitizer di Universitas Muhammadiyah Palopo," *Indra Jurnal Pengabdian Kepada Masyarakat* 1, no. 2 (2022): 44–48.

² Mufti Afif, "Peran Ekonomi Digital di Tengah Wabah Covid-19," *Journal of Islamic Economics and Philanthropy* 2 (2020): 1–11.

³ Kartika Dewi, "Effect of Corporate Social Responsibility Disclosure on Financial Performance" 7, no. August (2016): 149–55, <https://doi.org/10.21512/bbr.v7i2.1687>.

⁴ Theodorus M Tuanakotta, *COVID 19 Effect For Economic*, 2 ed. (Jakarta: Salemba Empat, 2010).

⁵ Andi Noor Wahidin, Ambo Asse, dan Lince Bulutoding, "Pengaruh Dimensi Fraud Triangle Terhadap," *Islamic Accounting and Finance Review* 1, no. 1 (2020): 40–58.

from planning, field work to reporting carried out remotely. With a new way of working like this, there must be an adaptation for the auditor, because regardless of how the audit is conducted, whether it is a remote audit or an onsite audit, the auditor is still required to be able to provide good results. Remote auditing and audit agility are closely related and complement each other. The implementation of remote audits can help auditors carry out their duties properly so that organizational governance is expected to run well.⁶

The results of the study focused on the opinions of certified internal auditors from the Republic of Serbia, indicating that the advantages of remote auditing in internal auditing outweigh the disadvantages. During the pandemic, the level of quality of audits performed increased or remained the same, as well as the level of trust of audit client management, while saving time and reducing travel-related costs was critical. Remote audit is an alternative so that work activities and inspection processes can continue and the role of internal audit in creating added value for the company is to assist management and directors in improving internal control processes and detecting fraud (fraud) can be carried out optimally. Remote audits have different audit procedures compared to conventional audits, especially in the area of planning that is tailored to the external auditor's capabilities. Remote audits also have the same effectiveness and efficiency as conventional audits, so the authors conclude that remote audits have the same quality as conventional audits provided that the process has received support from the auditor and the party being audited.⁷

Most of the results of previous studies have not described the similarities and differences in the audit process in the areas of planning, field work, and reporting between remote audits and onsite audits.⁸ In addition, there is also no research that specifically discusses what capabilities auditors must have in conducting remote audits, which are currently being carried out a lot. The results of previous studies in general the results are as follows:

- a. The application of remote audits and the use of technology helps auditors carry out their duties properly.
- b. The advantages of remote auditing in internal auditing outweigh the disadvantages.
- c. Remote audit is an alternative so that work activities and inspection processes can continue during a pandemic.
- d. Remote audits have different audit procedures compared to conventional audits, especially in the area of planning that is adjusted to the capabilities of the external auditor. However, this research

⁶ C Castka, P., & Searcy, "Audits and COVID-19: A paradigm shift in the making.," *Business Horizons*, 2021.

⁷ R Catlin, "Agile Auditing Fundamentals and Applications.," *John Wiley & Sons.*, 2021.

⁸ & IAF ISO, "ISO 9001 Auditing Practices Group Guidance on Remote Audits," *Guidance on: Remote Audits*. 1, no. 1 (2020): 1–13.

did not discuss the process of field work and reporting.

- e. Remote audit has several benefits such as: reducing travel costs, expanding the scope of documents, availability increasing the use of access to information technology. While the limitations are that direct observation cannot be carried out and the auditor must have competence in the field of information technology.
- f. The use of information technology is an important topic and issue for the success of the auditor's work, especially during a pandemic.

Therefore this study aims to deepen the research that has been done before, especially related to what are the same and different things in the remote audit process compared to onsite audit, and what skills need to be explored by internal auditors so that this remote audit process can run smoothly. both in the view of internal auditor practitioners.⁹

Based on this background, the formulation of the problem is as follows:

- a. What is the internal auditor's view regarding the similarities and differences in the remote audit process compared to the onsite audit.
- b. What capabilities do auditors need to deepen so that the remote audit process can run well?

The difference between previous research and this research is that this study emphasizes the similarities and differences in detail related to the audit process from the planning, field work, and reporting processes as well as what capabilities need to be deepened by the auditor so that this remote audit process can run smoothly. both of which have not been discussed in previous studies.

RESEARCH METHODS

This research is a research that applies exploratory descriptive method. This research was conducted on 27 internal auditors in the Bandung and Jakarta areas using a questionnaire.¹⁰ The questionnaire questions contain the internal auditor's assessment related to the comparison of remote audit processes in the fields of planning, field work, and reporting as well as what capabilities the auditor needs to deepen so that the remote audit process can run properly which has not been discussed in previous studies.¹¹ Types and Sources of Data The type of data in this study is exploratory. Sources of research data are primary data and secondary data. Primary data

⁹ K. M Johnstone, "Auditing A Risk- Based Approach To Conducting A Quality Audit (Ninth).," *Cengage Learning*., 2014.

¹⁰ Sugiyono, *Metode Penelitian Kuantitatif, kualitatif dan R&D* (Bandung: Alfabeta, 2017).

¹¹ Yudi Hari Rayanto, *Penelitian Pengembangan Model Addie dan R2D2 teori dan praktek* (Pasuruan: Lembaga Academic and Reasearch Development., 2020).

was obtained through questionnaires with internal auditors as respondents, while secondary data was obtained from documents or through library materials and publications, from journal articles, books and information media from the internet which were used as references and were in accordance with the topics discussed in this study. Respondents The target respondents who were questioned were 27 Internal Auditors working in private companies in the Jakarta and Bandung areas.¹²

The data collection technique was carried out by conducting a questionnaire. The researcher will provide several questions through the Google form which will then be filled in with the questions posed by the researcher.¹³ Furthermore, if there are several answers that still require explanation, interviews will be conducted with the respondents. Data collection was carried out in October 2022. Data Analysis Techniques The results of the answers to the auditor's questions will then be described and analyzed and concluded what are the similarities and differences in the processes between remote audit and onsite audit and what capabilities need to be deepened by the auditor so that this remote audit process can run well.

RESULTS AND DISCUSSION

The results of data analysis from 27 respondents show that the range of work experience is quite varied (no one is dominant).

1. All respondents were Internal Auditors with work experience of 0 to 5 years, 35%, 5 to 10 years, 35%, and over 10 years, 30%.
2. Regarding the audit planning process in determining the scope of the audit, 85% of respondents answered that the process for determining the scope of a remote audit is the same . The breadth of the scope of the onsite audit, 15% answered narrower.
3. Regarding the audit planning process in the field of audit time allocation, 55% of respondents answered that the time allocation was longer than the onsite audit, 8% answered the same, and 1% answered faster.
4. Regarding the audit planning process in the field of making a remote audit program audit, as many as 85% answered that the process was the same as the onsite audit program, 15% answered that there was a difference.
5. Regarding the audit planning process in the field of the opening meeting process in the remote audit, as many as 95% felt that the communication of messages could be conveyed quite well, 5% felt there were difficulties.

¹² A Khoirunnisa, W., Fadhilah, W. A., Astuti, W. W., Mawarni, Y. I., & Gunawan, "Tinjauan Kualitas Audit Jarak Jauh Di Masa Pandemi Covid-19.," *IRWNS: Prosiding The 12th Industrial Research Workshop and National Seminar*, no. 12 (2021): 62–66.

¹³ Sugiyono, *Metode Penelitian dan pengembangan* (Bandung: Alfabeta, 2015).

6. Regarding field work in the process of data analysis, 85% of respondents answered that there was no difference between remote audits and onsite audits, 15% said it was easier.
7. Regarding field work in the process of accessing document requests, 85% of respondents answered that it was more difficult than the onsite audit, 10% answered that there was no difference, 5% answered that it was easier.
8. Regarding field work in the confirmation process, 50% of respondents answered that it was more difficult than the onsite audit, 35% answered that there was no difference, 15% answered that it was easier.
9. Regarding fieldwork in the process of access to submission of findings and discussion of recommendations with the auditee, 50% of respondents answered that it was more difficult than the onsite audit, 40% answered that there was no difference, 10% answered that it was easier.
10. Related to the reporting process, 60% answered that the time needed was the same as the onsite audit, 35% longer, and 5% faster.
11. Regarding technology, 95% of respondents said that internet connection had an effect on the remote audit process, 5% said no.
12. Regarding technology, 95% of respondents said that the technology knowledge factor of auditors and auditees had an effect on the remote audit process, 5% said no.
13. Regarding technology, 65% of respondents have experienced dealing with auditees who do not have internet access, especially when working from home. 35% said no.
14. Related to technology 85% of respondents have experienced dealing with auditees who are technology illiterate, 15% said no.
15. Regarding costs, all respondents acknowledged that remote audits are more efficient than onsite audits.
16. Related to things that are difficult to do in the remote audit process are:
 - a. 80% of respondents found it difficult to do cash-taking and stock-taking.
 - b. 80% of respondents found it difficult to check physical documents.
 - c. 45% of respondents found it difficult when doing hospitalization invoices.
 - d. 40% of respondents found it difficult to confirm analysis results and findings.

It can be concluded that the four things above are audit processes related to physical objects that require direct observation.
17. Related to what capabilities the auditor needs to deepen so that the remote audit process can run well are:
 - a. 70% answered knowledge related to Digital Technology. Such as the ability to operate online meeting applications, document sharing applications, data, and shared storage access, applications to ensure the validity of data sent online, the ability to solve internet connection

problems.

- b. 65% answered that communication skills need to be improved. Such as the ability to deliver the right message (same perception) when there is a request for data, the ability to discuss with the auditee so that you don't feel pressured.
- c. 25% answer the ability to manage time, especially with auditees when they are going to conduct meetings online.
- d. 10% felt they needed the ability to be able to find out the validity of the data sent by the auditee.

CONCLUSION

- 1. In the Planning Process, determining the extent of the audit scope between onsite and remote audits is equally broad. This is in accordance with the results of the process of making an audit program which shows the similarity of the process. The reason is because the making of program audits is based on the broad scope of the audit. The time allocation for remote audits is relatively longer compared to onsite audits. The process of opening the auditor's meeting can also provide a fairly good explanation to the auditee regarding the purpose, scope, auditor in charge, and audit period.
- 2. In the Field Work Process, the process of analyzing related data which is carried out using a computer can be carried out quite well. However, related to access to documents (for the purposes of vouching proof of expenditure, checking work contract documents, and so on) the remote audit process is more difficult than the onsite audit. This causes a confirmation process both for data confirmation and findings to be more difficult to do compared to an onsite audit.
- 3. In the Reporting Process the auditor believes that there is no difference between the remote audit process and the onsite audit process.
- 4. So that in the entire audit process it can be concluded that there is no difference in the Planning Process and Reporting Process in the remote audit and onsite audit. The difference is only in Field Work where remote audit is technically more difficult.
- 5. Regarding the need for internet and technological knowledge, it can be concluded that the availability of internet and technological knowledge from both the auditor and auditee perspectives is very much needed.
- 6. Remote audit costs are cheaper or more efficient than onsite audits.
- 7. Internal auditors are expected to be able to improve their skills in the field of digital technology, communication methods, time management, and the ability to ensure document authenticity.
- 8. The results of this study were compared with previous studies, there were no differences in results, especially related to the technological requirements needed in remote audits and remote

audits are more efficient than onsite audits.

However, there are differences related to the planning process and the results of research where the sample studied is the external auditor. The results of the study revealed that there were no differences in the planning process, but according to them there were differences related to planning but it was not explained in detail where the differences were. Was the process of determining the scope, time allocation, making program audits, and the opening meeting not explained in detail.

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