

The Effect of Remote Audit and Agility on the Performance of the Internal Audit (SPI) During the Covid-19 Pandemic to Realize Good Corporate Governance (GCG)

Siska Willy^{1*}

¹ Diploma Accounting, STIE Ekuitas, Bandung, Indonesia

*Corresponding Author: siska.stieekuitas@gmail.com

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Abstract: The Covid-19 pandemic has made all government and private agencies experience changes in working hours. The existence of large-scale social restrictions (PSBB) makes all agencies look for the best way to stay productive during this pandemic. Many things are done by agencies including working from home (WFH) or working by implementing strict health protocols or making shift schedules (alternating) between one employee and another. Not all work can be remote from home by doing WFH, including retail companies that deal directly with consumers and manufacturing companies. Meanwhile, other companies such as service companies or digital companies can easily remote their work from home. However, it turned out that jobs such as auditors, both internal auditors, and external auditors, initially had a bit of difficulty adjusting how they worked during this pandemic. Government-owned/BUMN banks that have a large number of customers make strategies to continue serving customers despite the pandemic conditions which are very risky to the health conditions of their employees. Government regulations that require Bank employees to work with Work From Home (WFH) and Work From Office (WFO) systems make it difficult to monitor employees. As an internal auditor in every company is the spearhead in realizing good performance to continue to realize Good Corporate Governance (GCG). This study aims to determine the effect of Remote Auditing and Agility on the performance of audit internal (SPI) during the Covid-19 Pandemic in realizing Good Corporate Governance. This research was conducted at a state-owned bank in the city of Bandung. Sampling method using convenience sampling method, which is taking a random sample from a predetermined population. The form of statistical analysis used is multiple regression analysis.

Keywords: Remote Auditing, Agility, Audit Internal (SPI), GCG

1. Background

The Covid-19 pandemic has made all government and private agencies experience changes in working hours. The existence of large-scale social restrictions (PSBB) makes all agencies look for the best way to stay productive during this pandemic. Many things are done by agencies including working from home (WFH) or working by implementing strict health protocols or making shift schedules (alternating) between one employee and another. Not all work can be remote from home by doing WFH, including retail companies that deal directly with consumers and manufacturing companies. Meanwhile, other companies such as service companies or digital companies can easily remote their work from home. However, it turned out that jobs such as auditors, both internal auditors, and external auditors, initially had a bit of difficulty adjusting how they worked during this pandemic.

A quick survey conducted by the IIA (The Institute of Internal Auditor's Indonesia) of the chief audit executives (CAE) found that they made modifications to their annual audit plans. As many as 56% of respondents thought that they stopped or reduced the scope of their assignments. And only perform audits that are mandatory and that are really needed. However, there were also 38% of respondents who added new audit assignments related to problems that arose during this Covid-19 pandemic. In addition to changing the plan for this audit assignment, both internal and external auditors take a remote auditing approach. This shows the greatness of the auditor's heart to release the rules that should be implemented in the audit procedure. So voluntarily can with the flexibility (agility) change the way it works. It didn't stop there, apart from stopping ongoing audits, several respondents also canceled planned audit assignments (45% of respondents).

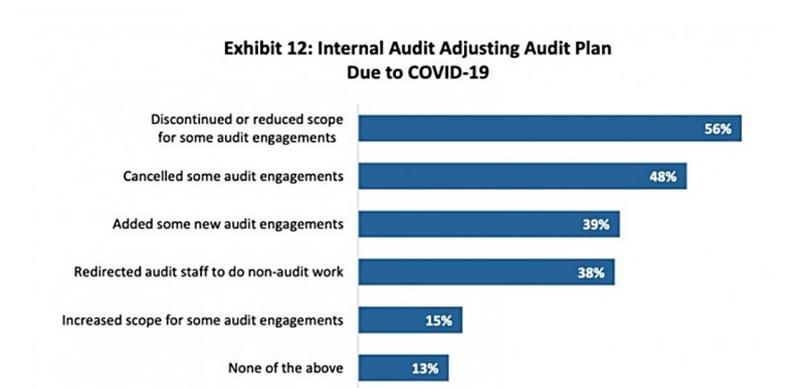


Figure 1 - Respon Auditor terhadap Covid-19

Figure 1: Internal audit adjusting audit plan due to Covid-19

Source: <https://www.wartaekonomi.co.id/read288725/remot-auditing-dan-agility-kiat-auditor-menavigasi-pandemi>

The Covid-19 pandemic had made some internal auditors start thinking about abandoning or tearing up the annual audit plan. Several obstacles prevented the audit plan from being implemented, among others due to travel restrictions, unavailability of clients, shifting client priorities (the name for the audit object), and changes in the risk profile faced by the company. Since February 2020, many companies have started to prohibit employees, including internal auditors, from traveling outside the region. The work from home and large-scale social restrictions (PSBB) calls for clients to become unavailable to undergo the audit process.

State-owned banks that have many customers and have many branches in the city of Bandung, must have a precise strategy so that customers do not feel disadvantaged and can still serve customers optimally. For employees, the WFO and WFH systems work. Many obstacles are encountered when the monitoring method is carried out using an online system, including an unstable network. This causes a gap during teaching. SPI as an internal auditor is the spearhead in realizing good performance in order to continue to realize Good Corporate Governance (GCG).

This study aims to determine how much influence Remote Auditing and Agility have on SPI's performance during the Covid-19 Pandemic in realizing Good Corporate Governance. This research is expected to be a reference for how to carry out audits during the Covid-19 pandemic to still be able to realize Good Corporate Governance (GCG).

2. Literature Review

Good Corporate Governance

Budget management activities cannot be separated from the governance activities of an organization. With the concept of good governance, good corporate governance (Good University Governance) is relevant to the principles of Good Corporate Governance (GCG). These principles include transparency, accountability, responsibility, independence, and fairness. The principles of GCG can be applied in managing a university (Wijatno, 2009). Good governance also provides a structure that can facilitate the determination of organizational goals, as well as a means to determine managerial performance monitoring techniques (Darmawati, Khomsiyah, & Rahayu, 2004).

Remote Auditing

Process during a pandemic with difficult measurements. New audit approaches, the use of remote auditing technology, and techniques have been going on for several years. However, various opinion polls of companies that have been conducted over the last two years show that a limited number of companies report having implemented remote audit processes beyond the scale of the test. Use of technology is often used in the world of supervision, especially for Internal Auditor organizations around the world, including Indonesia. In the midst of the current Covid-19 pandemic, the use of this technology is felt to be very helpful, especially in the remote audit process due to rampant access restrictions in almost all regions. What is the ideal process for conducting remote audits? Reporting from The IIA Indonesia (2020), the remote audit process is considered quite challenging and requires careful planning starting from the document inspection process, field physical examination, interviews, and closing meetings.

Agile

Agile is a trait developed by humans to be able to produce up-to-date information that requires creativity and a proactive attitude to be able to move quickly (PwC, 2020). This helps the audit activity process run smoothly by presenting real-time information whose accuracy is guaranteed to provide solutions for problematic parties to immediately correct them in accordance with applicable regulations.

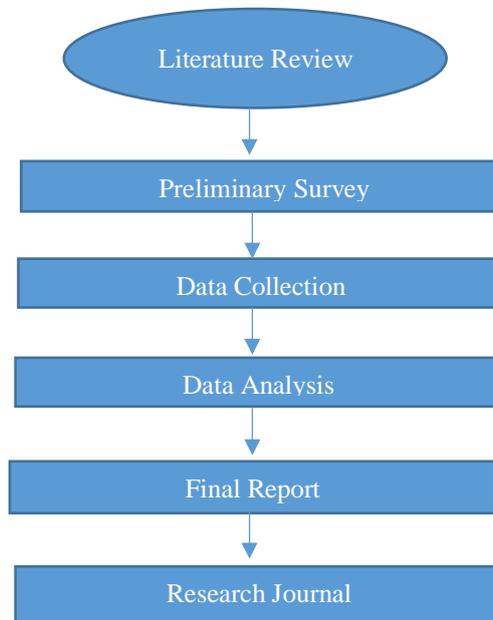
The audit is a series of activities to examine, track, and analyze data obtained as evidence to evaluate all operational activities that run in the company by auditors, in which professions include external auditors and internal auditors. An auditor who comes from an internal company to analyze and conduct an examination of the company's division is called an internal auditor. Auditors need careful planning in order to execute them properly. However, the presence of technology in the current digital transformation era has resulted in disruptive changes to the activities of auditors such as changing traditional systems to modern ones, as well as collecting samples that are no longer needed because they can be directly based on population. This right encourages new thinking to collaborate on technology, where technology is not a threat, but a new opportunity to continue to increase the capacity of the auditors. So, to be able to work with technology, auditors must be proactive and agile in order to produce much more adequate information.

3. Discussion and Conclusion

The implementation method in this research is as follows:

1. Initial stage
 - Literature review

- Preliminary survey
- 2. Implementation stage
 - Data collection
 - Data analysis
- 3. Final stage
 - Final report
 - Research journal



The Implementation of Remote auditing at State-Owned Banks in Bandung City

The results showed that the remote auditing variable obtained information on the actual total score of 3380 and the ideal total score of 4185, while the percentage value of 80.76% and the mean score of 4.04 were included in the good category. This shows that the implementation of remote auditing indicated by the government-owned Bank/BUMN in the City of Bandung is in the good category. Remote auditing variables consist of indicators of managing remote auditing activities, indicators of the nature of work, indicators of planning assignments, indicators of implementation of assignments, indicators of communication of assignment results, indicators of monitoring progress, and indicators of risk acceptance resolution by management.

The indicators for managing remote auditing activities show that the total percentage value is 82.76% and the mean score of 4.14 is included in the fairly good category. The highest mean score is 4.26, it shows that before implementing remote auditing, SPI must first prepare a risk-based plan in order to achieve the objectives of implementing remote auditing. The lowest mean score is 3.81, which shows that the internal auditor resources owned by state-owned banks in the city of Bandung are not sufficient, especially in terms of quantity when compared to the scope of the audit that must be carried.

The indicator of the nature of work shows that the total percentage value is 77.63% and the mean score of 3.88 is included in the good category. The highest mean score is 4.03, it shows that the internal auditors have provided appropriate recommendations for improving the governance process in the company. The lowest mean score is 3.81, it shows that there is a lack of evaluation activities related to the risk management process, as well as a lack of evaluation of the effectiveness and efficiency of remote auditing activities.

The assignment planning indicator shows that the total percentage value is 83.71% and the mean score of 4.19 is included in the good category. The highest mean score is 4.23, it shows that the internal auditor always sets the objectives of the remote auditing assignment first and determines the scope of remote auditing mastery first. The lowest mean score is 4.10, which shows that the company's lack of internal auditor resources can be used for remote auditing assignments.

The indicators for the implementation of the assignment show that the total percentage value is 76.94% and the mean score of 3.85 is included in the good category. The highest mean score is 4.13, it shows that the internal auditor in carrying out remote auditing always identifies all information that is adequate, reliable, and relevant in achieving the assignment objectives. The lowest mean score is 3.74, it shows that there is a lack of internal auditors in drawing conclusions based on audit evidence in the field and the lack of relevant information documentation activities so that they cannot support the conclusions and results of the assignment.

Based on calculations made from the score of respondents' responses to the communication indicators of the assignment results, it shows that the total percentage value is 81.42% and the mean score of 4.07 is included in the good category. The highest mean score is 4.19, which shows that the implementation of remote auditing in the company is carried out in accordance with International Standards. The lowest mean score is 3.77, it shows that the information submitted by internal auditors is sometimes still less accurate, objective, and complete.

Based on the calculation of the respondent's response score on the development monitoring indicator, it shows that the total percentage value is 75.81% and the mean score of 3.79 is included in the good category. The highest mean score is 3.81, it shows that SPI has carried out remote auditing well and is responsible for monitoring activities on audit reports submitted to management. The lowest mean score is 3.77, it shows that in practice the head of remote auditing is less able to ensure that management is following up on the recommendations of the audit results given, because it is the authority and policy of management to follow up on the recommendations of the audit results. This is because the COVID-19 pandemic has limited SPI's space for movement, so it also poses a high risk.

The risk acceptance indicator by management shows that the total percentage value is 83.55% and the mean score of 4.18 is included in the good category. The highest mean score is 4.23, it shows that SPI always coordinates with senior management when the company's management cannot bear the company's risk. The lowest mean score is 4.13, it shows that there is a lack of communication with the supervisory board by the head of remote auditing for any problems with the results of the audit.

Effect of Remote auditing on SPI Performance

The results showed that remote auditing affected SPI performance. The magnitude of the effect of remote auditing on the performance of SPI is 30.9%. The results of this study are supported by the theoretical basis in the previous discussion which states that remote auditing is the use of technology and remote auditing techniques that have been going on for years and then heard again to the public due to the impact of COVID-19 being felt throughout the world.

The Effect of Agility on SPI Performance Kinerja

The results showed that agility affected the performance of SPI. The magnitude of the influence of agility on the performance of SPI is 37.9%. Auditor agility is also seen from the auditor's

willingness not to follow the standard and bound rules as before the Covid 19 pandemic. The auditor will direct his audit staff to carry out non-audit assignments. This assignment can be in the form of advisory or carrying out management processes that have become critical due to Covid-19. Directing staff to undertake these non-audit assignments is carried out by 38% of CAEs.

The Effect of Remote Auditing and Agility on SPI Performance

The results showed that remote auditing and agility affected SPI performance. The magnitude of the influence of remote auditing and agility on SPI performance is 68.8%. The results of this study are supported by the theoretical basis in the previous discussion which states that one way to improve SPI performance during the Covid 19 pandemic is by remote auditing. Remote auditing aims to help organizations implement effective controls by evaluating effectiveness and efficiency and encourage continuous improvement during a pandemic that limits the scope of SPI within the company.

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