Contemporary Accounting Case Studies

EVALUATION OF THE IMPLEMENTATION OF REMOTE AUDIT METHOD ON FINANCIAL AUDIT DURING PANDEMIC COVID -19 (CASE STUDY AT BPK RI)

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EVALUATION OF THE IMPLEMENTATION OF REMOTE AUDIT METHOD ON FINANCIAL AUDIT DURING PANDEMIC COVID -19 (CASE STUDY AT THE SUPREME AUDIT INSTITUTION)

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ABSTRACT

This study aims to evaluate the implementation of remote audit by The Supreme Audit Institution (SAI) based on the remote audit guide issued by SAI at the beginning of the COVID-19 pandemic in 2020 and 2021. The analysis was conducted by evaluating the audit document, observing the audit implementation, and interviewing the participants. The results show that the remote audit had been planned and carried out by the guidelines so that the audit results remain of high quality. Auditing with the remote method does not affect the timeliness of preparing audit reports so that remote audit procedures can still be maintained post-Covid.

Keywords: audit quality, COVID-19, government financial report, guidelines for auditing;

remote audit.

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1. INTRODUCTION

The COVID-19 pandemic has become a significant challenge for auditors in carrying out their work. Significant changes occurred in audit practices initially carried out from on-site audits to remote audits. The required steps are to modify audit evidence collection procedures, revise the process of identifying and assessing risks of material misstatement, and change planned audit procedures or perform appropriate alternative procedures (IAPI, 2020).

Some Supreme Audit Institutions (SAIs) have entirely or partially suspended their audit work by postponing field visits until the process of moving operations by the remote method is possible (INTOSAI, 2021). Additional time is needed to complete a high-quality audit during the COVID-19 pandemic, which affects the reporting deadline, thus having an impact on delaying the issuance of audit reports (IAPI, 2020). In addition, the absence of a network/provider signal in several locations, direct auditing that cannot be replaced by remote audit, and the non-authenticity of source documents are risks that must be considered in remote audit (The Institute of Internal Auditors Australia, 2020).

The Supreme Audit Institution (SAI) of Indonesia continues to conduct audits during the COVID-19 pandemic, where Auditorate XYZ uses the remote method in conducting the auditing of the Financial Statements FY 2020. The SAI of Indonesia issues Technical Instructions for Financial Audits in an Emergency Period through the Decree of the Supreme Audit Institution Number 4/K/I-XII.2/5/2020 and Audit Guide Series Number P-003.0/XII.3.4/2021 concerning Remote Audit. These rules can guide the auditor in planning, implementing, and reporting audit results so that the audit remains satisfied. According to the State Financial Audit Standards or *Standar Pemeriksaan Keuangan Negara* (SPKN), an adequate audit report is the one that is prepared in a timely, complete, accurate, objective, convincing, clear, and concise manner (BPK RI, 2017).

The results of previous studies stated that, in general, audits during the pandemic period by Public Accounting Firms mainly were carried out online (Wardhani, 2021), in which the auditing procedures determined the audit quality Albitar et al., (2020). In contrast to the previous research, this was conducted in the government sector in the second year after the COVID-19 pandemic. Therefore, this paper investigates the application of remote audits in the public sector.

This study aims to evaluate the implementation of remote audits and their compliance with the applicable standards or guidelines and identify differences that might occur in the evaluation process. Evaluation is carried out at the entry meetings, document review, interviews, substantive inventory procedures, and exit meetings. After that, an evaluation is carried out to determine the impact of remote audits on audit quality based on the timeliness of the issuance of the Audit Report.

The analysis in this study was carried out using the descriptive qualitative analysis method. The study was initiated by collecting and analyzing audit documents and conducting interviews with the auditors.

The following section will review the literature on agency theory, audit quality, and remote audit based on audit guidelines. Furthermore, the research methodology, documentation data, and interview instruments will be discussed. The next to last section will discuss the analysis results and interviews conducted based on the conceptual framework. Then at the end, it will be equipped with conclusions and suggestions.

2. LITERATURE REVIEW
2.1. AGENCY THEORY IN GOVERNMENT SECTOR

An agency relationship is a relationship in which the principal employs agents to perform work on their behalf and delegates decision-making authority to the agents (Jensen & Meckling, 1976). In the public sector, agency relations can be seen in the relationship between the legislature as the principal and the government as the agent (Setyaningrum, 2015). This is due to the government's dependence on the legislature in terms of approving the state budget, or *Anggaran Pendapatan dan Belanja Negara/Daerah* (APBN/D). The government, as an agent, is required to prepare and submit financial reports. To ensure that the financial statements submitted by the government to the legislature are free from material misstatement, the SAI of Indonesia is appointed to audit the financial statements.

2.2. AUDIT QUALITY

The definition of audit quality focuses more on the auditor's ability to detect errors in financial statements (De Angelo, 1981). According to Lowensohn in (Setyaningrum, 2015) explaining that the way to measure audit quality that can be done in the public sector is direct approach (Tumija & Febriansyah, 2019)

and the perception of various parties to the audit process (Setyaningrum, 2015). A direct approach looks at the audit process carried out and how the auditor complies with auditing standards which have to comply with SPKN that measures quality by using a timely, complete, accurate, objective, convincing, clear, and concise basis (BPK RI, 2017).

2.3. REMOTE AUDIT CONCEPT

The remote audit concept is also defined as the process whereby auditors combine information and communication technology with analytical procedures to collect electronic evidence, interact with auditees, report on the accuracy of internal controls, and independence over the auditor's location (Teeter, Alles, & Vasarhelyi, 2010). The remote audit follows all the requirements set by the standard, such as gathering evidence and making a statement if there is a non-compliance with the standard. This requirement can be filled using software that supports audio and video communication and document sharing (ISO, 2018).

2.4. REMOTE AUDITE GUIDELINES

Based on audit guidelines, the implementation of remote audit is divided into several stages, namely entry meeting, document review, interview, stock-take, and exit meeting, which will be explained.

a. Remote Entry Meeting

The auditor communicates the entry meeting plan in the form of implementation time, agenda, participants, and the media used, such as Zoom, Skype for Business, Cisco, WebEx, MS Teams, Google Meet, and Google Form (for the attendance list). Auditors can prepare presentations in PowerPoint or other graphic visual forms. The auditors must communicate procedures for implementing remote inspections, such as the mechanism for holding meetings, interviews, obtaining evidence, carrying out physical tests, document-sharing platforms used, types of electronic evidence, methods of submitting electronic documents, the confidentiality of processes, data, and documents related to the examination. In addition, the auditor should communicate that the auditor has full control over all stages of the audit, including during physical examination, even though the executor in the field will be the entity or other agreed parties. All activities in the entry meetings are documented in the minutes of meetings.

b. Remote Document Review

The auditor must send a list of document requests, inform the document-sharing platform that will be used, identify the technology and methodology for sending electronic documents, and consider the type, origin, and validity of electronic information and documents. If the entity has utilized the storage and processing of digital data, the auditor shall request permission for temporary access to the information system during the audit period.

c. Remote Interview

The auditor determines the interview media, arranges the schedule, questions, and discussion points, prepares backup recordings, and develops interview strategies so that the process runs effectively. The interviewee should always enable video and set audio unless there are conditions that do not enable the video (e.g., network problem). The results of the interviews were documented in the form of minutes of interviews and recorded conversations. The minutes can be digitally signed or printed to be signed directly on the document and submitted to the auditor within 1-2 working days.

d. Remote Stock-Take

A review of inventory documents and interviews were conducted to obtain initial information on inventory governance. The auditor informs the necessary communication equipment and procedures for anticipating technical problems by providing backup devices, batteries, and internet quota.

After determining the cut-off of inventory records, the auditor conducts a stock take by ascertaining the location of inventory storage using GPS, requesting live streaming of the storage location since the counting team arrived at the location. The results of the stock-taking are matched with the inventory records and ask for an explanation of the differences that occur. All results of stock-taking are documented through the minutes of the physical audit of the inventory and signed by each party.

e. Remote Exit Meeting

At the exit meeting, the auditor explains the concept of audit findings to the entity, resolves several matters that are still of concern to the auditor, and discusses matters in preparing a follow-up plan on the audit results. The auditor prepares the minutes of the exit meeting as activity documentation.

2.5. IMPLEMENTATION OF AUDIT IN OTHER SAIS DURING THE COVID PANDEMIC

An audit by SAIs in several countries is still being carried out during the pandemic (Estonia, El-Salvador, Hungary, Mongolia, and South Africa) because they have been digitized and have the resources and technology to audit. However, several SAIs postponed or cancelled their audits (Portugal, Sudan, Palestine, and Yemen) due to a lack of technology (INTOSAI 2021). The audit carried out by the SAI of Indonesia is relatively more advanced because it can carry out audits of financial statements during the COVID pandemic.

2.6. PREVIOUS RESEARCH

Albitar et al. (2020) discuss the theoretical impact of implementing social distancing due to the COVID-19 pandemic on audit quality. It concludes that COVID-19 social distancing can primarily affect audit fees, the going concern assessments, human resources (auditors), audit procedures, and salaries of auditor personnel, which ultimately has a severe impact on audit quality. Wardhani (2021) explores the approach taken by auditors at Public Accounting Firms in responding to audits of Financial Statements during the COVID-19 pandemic. The study results indicate that audits are carried out online more by considering the client's business continuity risk factors, using the "working from home" method, obtaining audit evidence, and arranging engagements in auditing during the pandemic. Indera, Gamayuni, & Syaipudin (2021) conducted a study to determine the significance of audit fees due to budget refocusing, IT utilization, and auditor competence on audit quality during the Work From Home (WFH) policy. The study was conducted by processing questionnaire data from 70 auditors from three BPK representative offices in the province into three different categories, namely A, B, and C. The results showed that audit fees and information technology on audit quality during the COVID pandemic had a weak effect and were not significant. In contrast, the competence of auditors has a significant effect on the quality of audit results.

3. RESEARCH METHODS

This study uses a case study research strategy to explore the phenomenon of the implementation of a remote audit conducted by one of auditorate in the SAI

of Indonesia, namely Auditorate XYZ. The case study results are expected to provide output in evaluating and determining the rules (Ellet, 2007). This research uses a qualitative approach, an in-depth exploration or understanding of the case (Creswell, 2018).

3.1. DATA COLLECTION AND ANALYSIS METHODS

This study collects and analyzes data in remote audit guidelines, audit documents, and audit reports on the Financial Statements of the Ministry ABC FY 2020 conducted by Auditorate XYZ. Then, an interview was conducted using semi-structured techniques that combined structured and unstructured interviews. A list of questions for resource people is prepared in advance, and then the questions are developed according to the research objectives (Creswell, 2018).

The informants in the interview are examiners at the Auditorate XYZ and employees at the Ministry of ABC, with details in Table 1.

Table 1 Resource Profile

No	Agency	Informants	Number of Informants
1	Auditorate XYZ	AA – II	9
2	Ministry of ABC		3
	- Financial Bureau	A1	
	- Internal Compliance Directorate	A2	
	Total Respondents		12

Source: Author

Respondents from this interview were the audit team at the Auditorate XYZ, who conducted audits of financial statements using the remote method. This interview aims to find out the process of carrying out the audit of the financial statement of the Ministry of ABC's FY 2020 and the obstacles faced during the audit. In addition, to find out the advantages and disadvantages of the remote audit implementation that has been carried out to be used as a recommendation for improvement.

Furthermore, the interviews were also conducted at the Ministry of ABC, where there were also officials at the Finance Bureau of the Secretariat General who handled the preparation of the financial statements of Ministry ABC. The purpose of the interview was to find out the preparations made and the obstacles encountered during the remote audit. In addition, interviews were also conducted at the Internal Compliance Directorate or *Direktorat Kepatuhan Internal* (KI) to find out the validation process carried out and the obstacles faced.

4. ORGANIZATION PROFILE

The SAI of Indonesia is an independent institution that has the task of examining the management and responsibilities of state finances. Law Number 15 of 2006 states that one of the duties of the institution is to examine the management and responsibility of state finances to the central government. The SAI of Indonesia also has the authority, among others, to conduct audits, determine audit methods, as well as compile and present audit reports. Types of state audits include financial audits, performance audits, and audits with a specific purpose. This research will focus on the financial audit conducted by the Auditorate XYZ to obtain sufficient evidence and sufficient confidence to provide an opinion on the fairness of the Financial Statements amid social restrictions due to the COVID-19 pandemic.

5. RESULT AND DISCUSSION
5.1. COMPATIBILITY OF REMOTE AUDIT IMPLEMENTATION WITH AUDIT GUIDE
5.1.1. AUDIT PLANNING

SPKN requires the auditor to plan the audit as well as possible. In planning the assignment, the auditor must assess and respond to risks and design adequate procedures to obtain appropriate and sufficient evidence (BPK RI, 2017). The audit guide states that there are additional procedures that must be carried out before carrying out the audit, namely conducting a remote audit risk assessment, entity readiness assessment, big data analysis, sample selection, remote audit feasibility analysis, involvement of government internal supervisory apparatus or *Aparat Pengawasan Intern Pemerintah* (APIP), and remote audit determination communication. Remote audits can be carried out as long as the auditor can be sure that the procedures can minimize audit risk.

The auditor communicates with the entity to inform them about the audit plan to be carried out using the remote method and the difference in the audit implementation method from the previous year's audit. The ABC Ministry expressed its readiness to support the implementation of remote audits.

> "At that time, since the department in charge is the finance bureau, that time, we reported it to our leader, and he directed it to facilitate it fully in every aspect. We collaborate with the Center for Data and Information to facilitate technology and information aspects." (J/A2)

In addition to readiness from the entity's side, the readiness of the auditor team and the technology used to conduct remote audits are considered.

> "…we have to make sure all auditors have the same understanding regarding this remote audit procedure. (…) starting from the planning, discussions, virtual audits, and signing of the minutes." (J/AA)

> "…Then it is related to the preparation of our infrastructure internally." (J/DD)

Furthermore, the audit guidelines state that auditors can use the entity's existing information systems to assist auditors in conducting analyzes that can be selected as audit samples. The SAI of Indonesia has been utilizing big data analysis to determine the audit sample.

> "Last year, we processed data for procurement from the BIDIGs database - big data analytics. We get all the SPSE data for one Ministry. The data is processed and the results (….) are used as red flags, need further confirmation." (J/GG)

The auditor conducted a remote audit feasibility analysis and communicated site eligibility to the entity before the audit was carried out. This observation would determine whether the selected location could be tested remotely.

> "So, from the preparation process there is communication whether the area we plan to sample is possible for remote audit." (J/DD)

The APIP's involvement in the examination has been regulated in the standard. The SPKN also stated that auditors could use APIP's work to improve coordination and cooperation because they have the same goal of encouraging the creation of Good Corporate Governance. The audit guidelines state that a high level of APIP maturity will assist auditors in conducting remote audit.

The SAI of Indonesia involves APIP in the audit process by either witnessing virtually or going to the field and using APIP's work for sampled packages.

> "If there are several activity packages that have been carried out by APIP (…) we think they can be relied on based on our justification/professionalism, it means we don't need to go there." (J/DD)

Based on the above analysis, it is known that remote audit planning has been carried out and did not conflict with applicable standards and guidelines. The auditor planned the audit well to assess whether the remote audit procedure was feasible. The use of Big Data Analytics in sampling had also been utilized. The auditor also assessed and responded to risks and designed adequate procedures to obtain appropriate and sufficient evidence, such as requests for

access to the entity's information system, document-sharing platforms, and APIP to assist field implementation. This condition is in accordance with the SAI of Indonesia remote audit guidelines and the State Financial Audit Standards (SPKN). This is also in accordance with the results of research from Wardhani (2021), which states that a remote audit must consider the implementation of the audit using the "working from home" method and obtaining audit evidence.

5.1.2. AUDIT IMPLEMENTATION

a. Remote Entry Meeting

Based on the literature review, the audit guidelines state that the auditor must communicate the entry meeting plan, including the time, method, agenda, and entry meeting participants. Then the auditor prepares exposure materials and supporting tools for entry meetings, such as video conference links and electronic attendance lists. At the entry meeting, the auditor communicates the remote audit implementation to the entity, such as the interview mechanism, obtaining evidence, field audit, document sharing platform used, and other related matters. In addition, the auditor also communicates about the importance of maintaining data confidentiality and asks for support for information disclosure, the accuracy of document submission, and the preparation of supporting infrastructure for the implementation of the audit. All entry meeting results are documented in the entry meeting minutes.

In practice, the auditor sends an entry meeting notification letter a week before the meeting, containing the schedule, media, and participants of the entry meeting. Based on the exposure material and minutes, the entry meeting has communicated the audit objectives, the remote audit execution procedures, the audit's focus, and the deadline for submitting unaudited financial statements. The auditor uses the Zoho application for the attendance list because it can sign electronically. The interviews with auditors revealed a moderator who guided the entry meeting (J/FF).

The audit team conveyed detailed auditing techniques regarding the procedures for carrying out the audit, starting from the audit schedule, the document-sharing platform used, the sampling methods, the sample procurement, and the equipment needed for the field audit. In addition, the auditor also asked for a list of names and telephone numbers of key

personnel. The auditor also communicates about the person who must be present during the remote field audit.

> "…detailed to each work unit and each PPK before the audit is carried out (…) such as the tools to be brought, things to be provided, the personnel to be available, and the time of the field audit..." (J/EE)

Based on the rules and conditions described previously, it can be concluded that the implementation of remote entry meetings is no different from conventional audits. However, in a remote audit, the auditor must clearly describe to the entity the remote audit procedures to be carried out and the things that need to be prepared from the entity's side.

b. Remote Document Review

The audit guide explains that the auditor submits a document request letter accompanied by the requested document format and the deadline for submission in the document review process. Then the auditor must also inform the document-sharing platform used. The auditor should also consider the type, origin, and validity of electronic information and documents.

The auditor sends the initial document request letter and the notification letter for the entry meeting a week before the meeting. The document request letter contains the requested document/data, document/data format, storage media/document-sharing platform, and the deadline for document collection.

The form of support from the Ministry of ABC for SAI's audit in technology and information aspects is to provide storage media with a large capacity to store all data requested by auditors.

> "We collaborate with PUSDATIN (Data Center-ed) to facilitate the technology and information aspects. At that time to try to transform in digitization and increase the limit of online storage space (cloud storage) using Google Drive" (J/A2)

In addition to documents in digital form, the audit guidelines state that the auditor can take advantage of the information systems or applications used by the entity. The auditor requested access to several applications such as e-monitoring, E-Rekon, and SPSE and was given a username that could access the online system but in read-only format (J/GG). Based on the document requesting letter, it is known that the auditor also requests data in the form of database copy if the application is run offline.

The most crucial issue in document review is how to ensure that the documents submitted are valid and by the originals. SPKN PSP 200 concerning Audit Implementation Standards paragraph 29 states that the auditor must conduct an in-depth investigation if, in obtaining evidence, the auditor suspects that the document is not authentic or the contents of the document have been modified but have not been informed to the examiner. The head of ANRI's regulation number 20 of 2011 states that a copy of a document is considered authentic if the substance has not changed and there is verification from the party responsible for the document.

The audit guidelines regulate procedures to ensure authenticity, among others, by asking the entity to attach a statement or provide a label stating that the documents provided are by the original, requesting the APIP/Internal Control Unit (SPI) to verify and validate data before the entity submits the data to the auditor. In addition, the auditor may request the entity, through live streaming or video conference, to randomly show parts of the original/physical document and electronic documents sent to the auditor.

In its implementation, the auditor asks the entity to assign the internal control unit to verify and validate the data before the data is submitted to the auditor and make a statement that the documents submitted are the original. The validation process takes a long time to carry out validation simultaneously with the audit. The auditor stated that there had never been a validation result that stated the document was not by the original, so the auditor didnot use other validation procedures other than using the validation statement letter to prove the authenticity of the document (J/HH).

> "This validation process can't be fast (…) What we do is just do it simultaneously. So, they submit it to us first while the document is also validated by KI. Later, after the KI states that it is correct, we will evaluate the similarity of the documents submitted for the first time with the documents validated by KI earlier. If it's the same, it means it can be used." (J/DD)

The results of an interview with one of the staff at the KI (Internal Compliance Directorate) stated that several methods carried out the validation process. In 2020, the validation process used video conference media where the work unit officers were asked to show the requested documents to the camera according to the direction of the Internal Compliance Directorate. Meanwhile, in 2021 and 2022, visits

to regions will be carried out to verify the authenticity of audit documents with soft copies submitted to auditor (J/A3).

The audit guidelines state that the auditor and the entity agree to maintain the confidentiality of documents and prepare good documentation regarding data security, confidentiality, and data protection. One of the efforts to maintain the confidentiality of documents carried out by the Ministry of ABC is to carry out the digitization process internally without involving a third party (J/A1). The same thing is also supported by the examiner's statement that there is a large amount of spending on the procurement of scanners in 2020 and 2021 (J/GG).

In general, the implementation of document review conducted remotely is appropriate and does not conflict with standards. However, at the document authenticity testing stage, the auditor only uses the verification results from the Internal Compliance Directorate for data validation. At the same time, the validation process is carried out simultaneously or simultaneously with the auditing process. It would be better if the auditor tested the document's authenticity in the form of a sampleat the time of the audit to obtain adequate assurance of the document's authenticity.

c. Remote Interview

The audit guidelines state that auditors conduct remote interviews using video calls or conferences. In some situations, the auditor may use online questionnaires. The auditor also completes this questionnaire when the number of subjects interviewed is large and the questions asked are templates (J/GG).

In preparing for remote interviews, interview media is needed, such as making schedules and invitations, formulating interview questions, and determining the interview duration. The auditor carries out the interview procedure, starting with making an interview schedule and sending invitations to the subject to be interviewed. The invitation contains matters related to the schedule, subject, and topics that will be discussed in the interview. Based on the document analysis results, the auditor makes a list of questions and determines the duration of the interview (J/GG).

The guide explains several things that are done in remote implementation, namely ensuring that the party present is the correct subject, asking the subject to activate the video, building a rapport

(engage a trust to communicate effectively) with the subject, being aware of the subject's non-verbal language, focusing on the interview topic, and documentation. The technical thing that must be considered when conducting remote interviews is that the auditor must ensure a smooth internet connection, good sound, and picture quality, and both parties are familiar with the interview media used, such as Zoom, Google Meet, or MS. Teams. The auditor must ask the interviewee's permission to record and ensure the security of the information conveyed.

The limitations in the remote interview process experienced by the auditor are signal constraints from the subject to be interviewed, the lack of ability to see the subject's non-verbal language, and the subject's lack of focus during the interview. The steps taken to overcome this matter depend on the auditor's judgment on whether the interview can be continued or rescheduled.

> "Depending on the level of urgency, if it's still really lacking, we need more information that we haven't received yet, so we'll ask again. But if we feel that what he has explained with all the limitations is enough, that's fine." (J/GG)

All the results of the interviews are stated in the minutes, which both parties sign. The auditor stated that after the minutes were compiled, a gradual review would be carried out by the team members – the Head of the Sub-Team – the Team Leader. After being reviewed, the minutes will be submitted to the interviewees. If there is no subject correction, the Minutes of Interview will be signed. This process will take 1-2 working days (J/HH).

Based on the analysis above, it can be concluded that the procedure for conducting remote interviews is no different from conducting interviews in conventional audits, in addition to the media used. The limitations in the remote interview process experienced by the auditor are signal constraints from the subject to be interviewed, the lack of ability to see the subject's non-verbal language, and the subject's lack of focus during the interview.

d. Remote Stock-Take

Stoke-Take is carried out to obtain assurance that the inventories recorded in the financial statements exist and are by the actual conditions. The audit guidelines state that document reviews and interviews with inventory officers before carrying out a stock-take are

carried out first. These procedures are done to obtain an overview of the internal control system in inventory management.

The implementation of remote stock-taking begins with informing the stock-taking plan, stock-taking procedures such as the need for equipment, equipment used, determining inventory cut-off, and ensuring the device is working properly.

> "First, determine which thing you want to check. Then, the equipment used must be brought to the field. Ensure a network connection. Prepare the phone for more than 2 devices. Ask some warehouse officers who can help with the calculation process in the field. Including the need for heavy equipment, because for some items, just move them using a crane."(J/EE)

In addition, the auditor must ensure the location of inventory storage by utilizing GPS and live-streaming. Then, count the inventory via video conferencing. The auditor stated that apart from this, they used the share location feature on the Whatsapp application to ensure the location of the inventory (J/II). The auditor records the results of the stock-taking and compares them with the inventory records, and asks for an explanation of the difference (J/HH).

The technical audit guidelines of LKPP/LKKL/LKBUN reveal that the auditor must identify whether there are damaged and expired inventory conditions that are still recorded on the Balance Sheet, inadequate storage warehouses, and the physical presence of inventories that did not store in the warehouse. In addition, it also regulates whether the actual inventory has already been used by the community but has not been handed over and is still recorded in the financial statements. The auditor has carried out these procedures and found several weaknesses in the entity's internal control system, as stated in the minutes of the inventory verification.

> "There are inventories combined in one warehouse (several work units-ed), but there has been a clear separation. Damaged supplies exist..." (J/II)

> "There are consigned goods, partner's goods (…) can not be recorded as inventory either because the acquisition is not purchased (…) there is inventory not in our warehouse but partner's warehouse because we do not have a warehouse. (J/ GG)

Based on the analysis results above, it can be concluded that the implementation of the remote audit carried out is appropriate and does not conflict with the applicable standards. Several procedures are not regulated in the audit guidelines, such as procedures for securing

inventory and segregating the type, quality, and condition of inventory, and personnel appointed to attend physical testing activities of inventory. However, this has been regulated in the audit technical guidelines of LKPP/LKKL/and LKBUN.

e. Remote Exit Meeting

The Audit Guidelines state that in the exit meeting, the auditor explains the concept of audit findings to the entity, resolves matters that are still under the auditor's attention, and discusses the follow-up plan. The results of the exit meeting are documented in the minutes of the exit meeting. In practice, the auditor first sends a notification letter about the exit meeting schedule to the entity. Based on the minutes of the exit meeting, it is known that the auditor has explained the concept of audit findings to the entity and submitted the Audit Finding Report to the entity. The auditor also conveys matters that are still his concern. Then the entity also conveys the follow-up plan to be carried out by the entity. The exit meeting minutes have been documented in the audit working papers.

Based on the above conditions, it can be concluded that the implementation of the exit meeting is not much different from the implementation of the entry meeting. Implementation the remote exit meeting is appropriate and does not conflict with applicable standards.

From the evaluation result of the entry meetings, document reviews, interviews, stoke-takings, and exit meetings, it can be concluded that, in general, the remote audit implementation has been performed in accordance with the applicable standards. Apart from the media used, some of the audits carried out using remote methods are not different from conventional audits. In the remote audit, several things must be more prepared. The first is the communication of an overview of the remote audit procedures that will be carried out and the things that need to be prepared by the entity. Second, related data validity and procedures must be carried out. Third, the impact of the limitations of conducting interviews, such as phone or internet signal constraints from the subject to be interviewed, the lack of ability to see the subject's non-verbal language, and the subject's lack of focus during the interview. In addition, several procedures are not regulated in the audit guidelines, such as procedures for securing inventory and segregating the type, quality, and condition of inventory, and personnel appointed to attend the stock-taking. However, this has been regulated in the audit technical

guidelines of LKPP/LKKL/and LKBUN, which provides detailed procedures technically.

THE IMPACT OF REMOTE AUDIT IMPLEMENTATION ON AUDIT QUALITY

Lowensohn in (Setyaningrum, 2015) explains that measuring audit quality in the public sector can be done by looking at how the audit process is carried out and the auditor's compliance with audit standards. Based on the evaluation of the implementation of the remote audit, it was concluded that, in general, the implementation of the remote audit was appropriate and did not conflict with the applicable audit guidelines.

Law No. 15 of 2004 concerning Audit of State Finance Management and Accountability states that the audit report must be submitted 2 (two) months after the government financial report is submitted. The same thing is also stated in the SPKN that the audit report must be prepared on time, because late report submission will be less useful for report users even though the preparation is complete.

The Government of Indonesia submitted the Financial Report of Central Government or *Laporan Keuangan Pemerintah Pusat* (LKPP) on March 31st, 2021, represented by the Minister of Finance to the Chairman of the SAI of Indonesia. Referring to Law 15/2004, an audit report on Government Financial Statements must be completed by May 31st, 2021.

The deadline for the audit report preparation is analyzed by comparing the date of the Audit Report of the Financial Statement Ministry of ABC's FY 2020 using the remote method with the audit report of the Financial Statement FY 2019. Details can be seen in table 2.

Table 2 Comparison of the compilation of the ABC Ministry audit report

Rincian	FY	
	2020	2019
Date Audit Report	May 24th, 2021	May 20th, 2020

Source: The SAI of Indonesia Audit Report (processed data)

Based on table 2, it can be concluded that the audit report of the Ministry's ABC financial statements has been prepared promptly. This is in accordance with the SPKN, which states that the audit report must be prepared in a timely manner. This condition is also in accordance with the statement of Lowensohn et.al., (2007), explaining that to be able to measure audit quality in the public

sector, it can be done by looking at how the audit process is carried out and the auditor's compliance with auditing standards.

6. CONCLUSION AND RECOMMENDATION

Based on the analysis of implementation with audit guidelines concluded that, in general, the stages of remote audit implemented by The SAI of Indonesia comply with audit guidelines Number P-003.0/XII.3.4/2021 concerning Remote Audit. The SAI of Indonesia performs several procedures that are not regulated in the remote audit guidelines, such as procedures for securing inventory, segregation of types, quality, and condition of inventory, and personnel appointed to attend stock-taking. However, this has been regulated in the technical guidelines for examining LKPP/LKKL/LKBUN. The use of remote methods in carrying out the audit of financial statements does not impact on audit quality. The SAI of Indonesia can still prepare audit reports within the time limit stipulated by Law 15/2004.

Based on the evaluation results of the remote audit, it has no impact on audit quality. So that in planning future audits, the auditor can use the hybrid method and include it in the audit program. The hybrid method is a method that combines conventional and remote audits.

This study observes the audit of the financial statement of the ABC Ministry conducted by the Auditorate XYZ in 2021 by limiting it to substantive testing in the form of physical inventory testing. In addition, the measurement of audit quality only uses the timeliness of reporting audit results because there are few references to measuring audit quality for the public sector.

Further research can conduct observations on performance audits, or audits with a specific purpose (PDTT), or audits conducted by the SAI of Indonesia representatives during the pandemic. Research can also be done for other substantive tests, such as physical testing of assets and capital expenditures or physical testing of cash. In addition, further research can add literature related to audit quality measures in the public sector.

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