

THE REMOTE AND AGILE AUDITING: A FRAUD PREVENTION EFFORT TO NAVIGATE THE AUDIT PROCESS IN THE COVID-19 PANDEMIC

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ABSTRACT

This research aims to identify and navigate how auditors are able to find solutions to various obstacles that occurred in the audit process during the COVID-19 pandemic. The method of data collection is carried out by interviews, observations and documentation. This study used triangulation techniques to ensure the validity of the data. The respondent of this study are external and internal auditors from KAP leading in Indonesia and are foreign affiliated audit firm and internal auditors from companies that implement internal control of 5 people. The result of this study is that remote audit and agility audit can be used as a solution to navigate problems in carrying out the audit process and business disruption in the time of the COVID-19 pandemic crisis. Remote Audit and Agility audit is an alternative way that can be used as a reference in conducting the audit process during the COVID-19 pandemic to still be able to realize Good corporate governance (GCG) and can quickly detect fraud. Real contributions that can be utilized by auditors are helping auditors find solutions in solving problems such as supervision in the form of asset misappropriation cases ranging from cash theft, misappropriation of cash receipts, fraud during disbursement, misuse of company asset inventory. and theoretical contributions to strengthen and enrich fraud pentagon theory, in addition, this research can also formulate a framework to realize Good corporate governance (GCG) and post crisis such as COVID-19.

Keyword: Remote, Agility, Navigation, Covid-19

ABSTRAK

Penelitian ini bertujuan untuk mengidentifikasi dan menavigasi bagaimana auditor mampu mencari solusi atas berbagai kendala yang terjadi dalam proses audit selama pandemi Covid-19. Metode pengumpulan data dilakukan dengan wawancara, observasi dan dokumentasi. Penelitian ini menggunakan teknik triangulasi untuk memastikan keabsahan data. Responden penelitian ini adalah auditor eksternal dan internal dari KAP terkemuka di Indonesia dan merupakan *Foreign Affiliated Audit Firm* serta internal auditor yang berasal dari perusahaan yang menerapkan pengendalian internal sejumlah 5 orang. Hasil dari penelitian ini adalah bahwa remote audit dan agility audit dapat digunakan sebagai solusi untuk menavigasi permasalahan – permasalahan dalam melaksanakan proses audit dan *business disruption* dimasa krisis pandemic covid-19. Remote Audit dan Agility audit merupakan cara alternatif yang dapat dijadikan acuan dalam melakukan proses audit selama pandemi covid-19 untuk tetap dapat mewujudkan *Good corporate governance* (GCG) dan dapat dengan cepat dalam mendeteksi fraud. Kontribusi nyata yang dapat dimanfaatkan oleh para auditor yaitu membantu auditor mencari solusi dalam menyelesaikan masalah misalnya mengenai pengawasan dalam bentuk kasus penyelewengan aset terjadi mulai dari pencurian uang tunai, penyelewengan kwitansi kas, kecurangan saat pencairan, penyalahgunaan inventori aset perusahaan. dan kontribusi teoritis untuk memperkuat dan memperkaya *fraud pentagon theory*, selain itu penelitian ini juga dapat merumuskan kerangka kerja mewujudkan *Good corporate governance* (GCG) dan pasca masa krisis seperti COVID-19.

Kata kunci: Remote, Agility, Navigasi, Covid-19

Introduction

The COVID-19 pandemic has compelled some external and internal auditors to consider abandoning or even canceling their annual audit plans. The COVID-19 pandemic has also made auditors experience limited travels, unavailability of clients, shifts in client priorities (name of audit object), and changes in the company's risk profile, as well as several obstacles hindering the implementation of audit plans (Gusma, 2021). Most companies in private, public,

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and government sectors experienced changes in working hours, and several agencies prohibit their employees, including internal and external auditors, from traveling out of town. Of course, companies have to figure out the best way to stay productive during a pandemic. The strategy adopted by most companies is to work from home (WFH), work by implementing strict health protocols or making alternating schedules. Not all jobs can be done from home, as service companies or digital companies can easily do their work remotely from home. However, it turns out that jobs such as internal and external auditors have a little difficulty adjusting to how they work during a pandemic or large-scale social restrictions (PSBB) and the implementation of restrictions on community activities (PPKM) so that clients cannot accept the audit process as before the regulation was enacted. Finally, the way it works affects the audit process and quality (Coch et al., 2021).

Based on the results of a survey conducted by the Indonesia Institute of Internal Auditors (2020) on the Chief Audit Executive (CAE) by dividing several criteria based on an audit plan that had been adjusted to the audit plan during the COVID-19 pandemic, it was discovered that they had revised the annual audit plans (<http://iia-indonesia.org/>). As many as 56% of respondents thought that they either stop or reduce the scope of their work. However, 39% of respondents also added new audit assignments related to issues that occurred during the COVID-19 pandemic. In addition to changing the audit business plans, internal and external auditors adopted the remote audit method. This change creates auditor agility in issuing rules that must be applied in audit procedures to be voluntary and flexible (agility) to change the way it works. In addition to stopping ongoing audits, several respondents also canceled planned audit assignments (48% of respondents). The shift in assignments to do non-audit work was supported by 38% of respondents and some expanded or added the scope of some tasks, certainly also related to changes in organizational conditions (15% of respondents).

Since February 2020, many companies have banned employees, including auditors, from traveling out of town. Work from home and large-scale social restrictions (PSBB) as well as the implementation of restrictions on community activities (PPKM) urge clients not to accept and limit the audit process. For the first time, people around the world are united or forced to accept decisions to comply with restrictions imposed by governments and health care authorities to combat covid-19 (Ting et al., 2020). The global economic disruption caused by the COVID-19 pandemic may increase the prevalence of the risk of material misstatement in management's assertions in financial statements. Uncertainty at the macro and micro-economic levels can cause significant changes to the initial consideration of the identified risks of material misstatement (IAPI, 2020). The right strategy is required to prevent clients from feeling disadvantaged due to a lack of control and supervision from the auditors that may trigger fraud, while still providing optimal public consulting services. Likewise, it can be concluded that WFO and WFH systems are less effective for audit staff or internal auditors. There are many obstacles in using the online system for monitoring methods, including unstable networks. This constraint creates gaps in the process of direction and supervision.

Considering the important role of auditors, both external and internal auditors are pioneers in achieving good performance and realizing Good Corporate Governance (GCG).

According to the Head of Consulting, RSM Indonesia, several cases occurred during the COVID-19 pandemic. Based on the results of a survey of organizational threats during the COVID-19 pandemic, 80% of respondents stated that fraud during the pandemic increased drastically, 35% confirmed that misappropriation of assets has occurred in their organization during the pandemic, and 56% stated that their organization's income was most affected by this pandemic so that serious attention was needed on this issue. Various forms of asset misappropriation cases occurred ranging from cash theft, fraudulent cash receipts, fraud during disbursement, and misappropriation of company asset inventory (www.liputan6.com). KPMG (2020) emphasized that practitioners still have a responsibility to use audit standards, with excellent quality including existing documents, as the main prerequisite even in remote audits.

Several empirical studies had been conducted to prove the important role of remote audit and agility audit in overcoming various problems that arise when navigating the audit process during the COVID-19 pandemic. A study conducted by Gusma (2021) stated that remote audit is the right choice due to: 1. Most companies that continue to carry out activities with the covid-19 prevention protocols are limited by banning crowds and face-to-face activities. 2. The company has implemented the covid-19 prevention protocol for the company's operational activities and requires all of its auditors to work from home. It is concluded that the remote audit approach is very suitable to be applied. It is especially supported by companies that already use an integrated ERP system so that auditors can easily obtain information that supports the remote audit process carried out. A study was conducted by Eulerich (2021), Marc Wagener (2021), Martin Wood (2021), David A (2021). "We find that, on average, respondents believe remote audits are as effective and efficient as regular audits and perceive stakeholders to rely on the results as much. We also find that support from the auditee significantly increases the perceived effectiveness and efficiency of remote audits and strengthens perceived stakeholders' reliance on the results."

Previous researches only showed the important role of remote audit, considering that there are still some shortcomings in the realization of its implementation, thus affecting audit quality. In addition, several other indicators that can affect the success of the audit process during the COVID-19 pandemic, namely adding audit agility indicators and navigating the audit process. A remote audit may be the best viable alternative, as most companies have restricted travel to critical business functions, and many countries around the world have temporarily closed their borders. The challenges of the remote audit process and offer strategies to overcome them in every part of the audit assignment process, including planning, document checking, fieldwork, interviews, and closing meetings. In addition, this study can share best practices that come from three organizations that have implemented remote audit processes during the COVID-19 pandemic (Litzenberg, Roy Ramirez C. F., 2020).

Based on the phenomenon, and previous research such as Gusma (2021) still focused on the remote audit approach for internal audit by using agency theory and fraud diamond theory. Fraud diamond theory explains that fraud is triggered by

pressure, opportunity, rationalization and ability factors. Meanwhile, research conducted by Eulerich (2021), Marc Wagener (2021), Martin Wood (2021), David A (2021) concluded that it is necessary to have thorough auditee support for the implementation of remote audit to the audit process to be realized effectively and efficiently. On the other hand, this study describes remote audit, agility audit and navigating the audit process where these have influences in overcoming problems that arise in the audit process during the COVID-19 pandemic. This study also conducted comprehensive data collection on external auditors and internal auditors by adopting the fraud pentagon theory. In this theory, two elements of fraud are added, namely competence and arrogance. The competence expressed in the fraud pentagon theory has more or less the same meaning as the previous capability. Therefore, researchers are motivated to identify and navigate how auditors can find solutions to various obstacles that occur in the audit process during the COVID-19 pandemic.

The results of this study are expected to prove that Remote and Agility audits can be a reference to conduct audits during the COVID-19 pandemic to realize Good Corporate Governance (GCG). Furthermore, the results of this study are expected to help finding solutions in solving problems for auditors, such as supervision in the form of cases of asset misappropriation, ranging from cash theft, cash receipt fraud, fraud during disbursement, misuse of company asset inventory. This research also provides a theoretical contribution to strengthen and enrich the fraud pentagon theory. Furthermore, this research also formulated a framework for realizing Good Corporate Governance (GCG) and post-crisis times such as the COVID-19 pandemic.

Literature Review

The Agency Theory

According to Fama and Jensen (1983), the notion of agency theory was revealed because of the separation between the principal ownership and each agent's control interests over the company which results in conflicts of interest and moral problems. Agency theory supports the creation of good and effective internal control processes within the company and produces good company business activity processes and ensures completeness of reports so that they can provide benefits to all company stakeholders (Syofyan et al., 2020). Agency theory shows that audits are an important part of the assessment of internal control which is an integral part of corporate governance. The audit will focus on business risks and respond with appropriate mitigation strategies, and how the company responds to make improvements in the future.

The remote audit approach, agility audit, and the agency theory have a fairly close relationship and complement each other. Technology is used to replicate on-site audits and there is an element of agency control interest (management or board of directors) over the company or institution that results in conflicts of interest and moral issues. The application of remote audit can help auditors detect conflicts of interest that occur in private and government companies, even though the audit process is carried out remotely. Audit control continues to run well so that good corporate governance can be realized and can minimize conflicts of interest related

to vested interests, conflicts of interest related to weaknesses in organizational systems, conflicts of interest in the process of procurement of goods and services, conflicts of interest in the process of power and authority of state administrators obtained from laws and regulations, and other conflicts of interest that tend to fraud. Remote audits can be carried out with any type of Information Communication Technology (ICT), such as auditing or video conferencing, screen sharing is used to replicate audits from multiple sides by remotely capturing data exchanged between clients and auditors (for instance, reviewing scanned documents, reviewing cloud-based platforms, reviewing satellite images, interviews via video conferencing). Remote audit and agility audit are alternative ways that can be done, especially during crisis conditions caused by the COVID-19 pandemic to minimize the occurrence (Castka et al., 2020a).

The Fraud Pentagon Theory

The latest theory that can reveal more about factors that can detect the causes of fraud is the fraud pentagon theory. This theory was put forward in 2010 by Jonathan Marks, one of the partners in charge of fraud and ethics practice at Crowe Horwarth LLP which is one of the largest public accounting and consulting firms in the United States. The fraud pentagon theory is a development of the fraud triangle theory previously proposed by Cressey in 1953 and the fraud diamond theory proposed by Wolfe and Hermanson. Wolfe and Hermanson (2004) explained that fraud is caused by factors such as pressure, opportunity, rationalization and ability. Many major fraud incidents that occur have certainly been caused by people who have special abilities within the company. Opportunity is the entry point for fraud, while pressure and rationalization encourage individuals to commit fraud. In this theory, two elements of fraud are added, namely competence and arrogance. The competence expressed in the fraud pentagon theory has more or less the same meaning as the capability previously described by Wolfe and Hermanson in 2004. Competence is the ability of employees to ignore the internal controls in their company, develop fraud strategies, and oversee social situations that will later make them personally profitable (Crowe, 2011).

The Implementation of Remote Audit in Navigating Audit Process

According to Castka et al., (2021), a remote audit can also be called remote assessment which is nothing more than an evaluation facility from a certain location that can be classified as a physical presence through the use of information and communication technology. This definition is similar to ISO 19011 which states that remote audit refers to the use of information and communication technology with a combination of impossible information, interviews with customers, and face-to-face methods. Therefore, remote audit explains that the auditor in charge does not have to meet in person with the audited party because the examination can be conducted with the help of computers and information technology equipment.

Processes during the pandemic with difficult measurements, new audit approaches, use of remote audit technology, and techniques have been going on for several years. However, various corporate polls conducted over the past two years indicate that several companies report implementing remote audit processes

beyond the scale of the test. Technology is often used in the world of supervision, especially for internal auditor organizations around the world, including Indonesia. Amid the current COVID-19 pandemic, the use of this technology is considered very helpful, especially for remote audit processing due to restrictions on access carried out in whole or in almost all regions. The ideal process for performing remote audits, according to 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 meetings.

The Agility Audit During the Crisis

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 audit activity processes run smoothly by providing real-time information whose accuracy is guaranteed to provide solutions to immediately correct problematic parties in accordance with applicable regulations. An audit is a series of activities to examine, track and analyze the data obtained as evidence to evaluate all operational activities carried out in the company. It is conducted by auditors, in which a profession includes external auditors and internal auditors. Internal auditors are the auditors who come from the internal of companies to analyze and conduct inspections on company divisions. Auditors need careful planning to execute them properly. However, the presence of technology in the current era of digital transformation has resulted in disruptive changes in auditor activities 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 the population. This encourages new ideas to collaborate in technology. Technology should not be perceived as a threat, instead, it is a new opportunity to continuously improve auditor capacity. Hence, to be able to work with technology, auditors must be proactive and agile to produce much more adequate information (Castka et al., 2020).

Fraud

According to the Association of Certified Fraud Examiners (ACFE, 2016), fraud is an unlawful act carried out intentionally for a specific purpose (manipulation or giving false reports to other parties) by people from the inside or outside the organization for personal or groups benefit. Fraud can be interpreted as unethical behavior that directly or indirectly harms other parties and provides benefits to certain parties. In the business environment, it can be interpreted as intentional manipulation or fraud, wrong reporting of company assets, or manipulation of financial data that benefits one party. Some examples of fraud cases are marking or eliminating files and manipulating data or records that can harm the company or the public. It is not enough to prevent fraud, but it must be able to be detected as early as possible.

Methods

Type of Research

This study used exploratory research that discovers facts as input in the context of further descriptive and combined research. The purpose of exploratory research is to find out how to apply remote and agile audit in the audit process so that it can be applied effectively and efficiently. Hence, it can be used by auditors as an alternative solution in overcoming various problems that arise during the COVID-19 pandemic.

Type and Source Data

The type of data in this study is qualitative. Sources of research data are primary data and secondary data. Primary data was obtained through interviews with internal and external auditors as respondents, whilst secondary data was obtained from documents or through library materials and finished publications, from articles, government regulations, books and information media from the internet that were used as references and in accordance with the topic of discussion in this research.

Research Respondent

The respondents of this study are the external auditors and internal auditors. This study obtained at least 5 informants, namely auditors who met the sampling criteria by purposive sampling. The criteria for informants are external and internal auditors who have more than two years of work experience in their field. External auditors who work at KAP are foreign affiliates based in Jakarta and big cities in Indonesia. They are also one of the foreign-affiliated KAPs that are included in the ranks of "The Big Four" and entered the "First Tier" class. On the other hand, internal auditors work in companies that implement internal control processes. The written names of informants from both KAP and companies are not based on their real names to avoid conflict of interest, thus codenames were made to make classification easier.

Data Collection Methods

The procedure for collecting data in this study used observational techniques (participatory, disguised observations), interviews (semi-structured), and documentation. This study provided question items for respondents (internal and external auditors) using a google form. Firstly, the respondents were expected to read the list of questions provided by the researcher. Next, the researchers conducted in-depth interviews using zoom and google meetings with respondents who had a predetermined schedule. Researchers explored further information from informants on how to identify and navigate the audit process and how auditors can find solutions to various obstacles that occur in the audit process during the COVID-19 pandemic.

The Technique of Data Analysis

The data analysis of this study used the anticipatory condensation data model. According to Miles et al., (2014) qualitative data analysis with anticipatory condensation data refers to the process of selecting, focusing, simplifying, abstracting,

and/or changing data that appears in the full corpus (large data scope) written notes, interview transcripts, documents, and other empirical materials. Miles et al., (2014) also stated that the condensation model can make the data more valid or stronger. Based on the explanation of Miles et al., (2014) the researchers at least took the following steps, namely: 1) the initial step taken by the researcher was the process of collecting data with in-depth interviews to get an overview of the phenomenon under study, 2) making summaries and coding; 3) searching for themes; 4) creating theme groups; 5) creating partitions; 6) writing memos for important notes during the research. Next, there was a stage of presenting the data with narrative text to make it easier to understand the explanation. The last stage was drawing conclusions or verification. Researchers could interpret, understand, and draw conclusions as a result of research. This study also used person to person, and person to document triangulation of data to check the validity of the findings.

Result and Discussion

This study is to identify and navigate how auditors can find solutions to various obstacles that occur in the audit process during the COVID-19 pandemic. Remote audit and agility audit are expected to become a reference for how to conduct audits during the COVID-19 pandemic to continue to realize Good Corporate Governance (GCG) hence minimizing the risk of fraud.

This study obtained at least 5 informants, namely auditors who met the sampling criteria by purposive sampling. The researcher conducted the process of interviews, observations and documentation at different places and times by asking the same questions for each informant to ensure the level of validity of the data. The written names of informants from both KAP and companies are not based on their real names to avoid conflict of interest, thus codenames were made to make classification easier. The following list of informants is shown in table 1.

Table 1. Research Informants

No	Code Source	Gender	Working Experience	Highest Education Completed	Code KAP / Company (Type of Audit Firm)	Current Position at the firm
1	YHL	M	>10 yrs	S2 (Professional license)	HLTN (Foreign Affiliated Audit Firm)	Senior Auditor
2	VDF	M	>5 yrs	S1	PSEY (Foreign Affiliated Audit Firm)	Senior Auditor
3	ADY	M	>5 yrs	S1	KHEF (Foreign Affiliated Audit Firm)	Senior Auditor
4	SRL	F	2-5 yrs	S1 (Professional license)	BRWY (Non Foreign Affiliated Audit Firm)	Internal Auditor
5	EMF	M	>5 yrs	S1	MSRD (Non Foreign Affiliated Audit Firm)	Internal Auditor

Source: processed data (2021)

Note: The written names of informants from both KAP and companies are not based on their real names to avoid conflict of interest, thus codenames were made to make classification easier.

Based on table 1, the competence of internal and external auditors is adequate because they have bachelor's and master's levels of education, and are professionally certified. The competence of auditors is also supported by long

experience, their average experience working as internal and external auditors is more than 5 years. Certainly, this is their own charm to improve their ability to collaborate with information communication technology (ICT) with the procedures or audit methods used to improve audit quality during the COVID-19 pandemic to realize Good Corporate Governance (GCG) that can minimize risk and fraud.

The Implementation of Remot Audit Conducted by External and Internal Auditor

A remote audit uses information and communication technology (ICT) to collect, store, process, analyze, and transmit information (ISO19011, 2018). A remote audit essentially replicates an on-site audit. Before the COVID-19 pandemic, remote audit was offered on a relatively small scale (remote verification of a food business) or as part of contingency planning (e.g., as specified in the IAF informative document for extraordinary events management - IAFID 3: 2011). Researchers define remote audit and assessment in the following way, see table 2.

- Remote audit - facilitation of client audits by auditors (resubmitting conformity assessment bodies), who are not physically on-site.
- Remote assessment - facilitation of conformity assessment body assessment by the accreditation bodies, which is not physically on-site

Table 2. Characteristics of On-site, Assisted Remote, Remote, and Technology-Enhanced Auditing (Castka et al., 2020a)

	ON-SITE AUDITING	ASSISTED REMOTE AUDITING²	REMOTE AUDITING	TECHNOLOGY-ENHANCED AUDITING
APPROACH	Auditor determines compliance based on the evidence that is primarily collected on-site	Same as on-site; on-site auditor is assisted by technical experts or others that operate remotely	Technology is used to replicate on-site auditing	Technology is used to assist in auditor's decision-making
DATA COLLECTION	Data exchanged between clients and auditors on-site (e.g., review of hard copies, review of of electronic files/databases, in-person interviews)	Data exchanged between clients and auditors on-site (e.g., review of hard copies, review of electronic files/databases, in-person interviews)	Data exchanged between clients and auditors remotely (e.g., review of scanned documents, review of cloud-based platforms, review of satellite imaging, interviews through video conferencing)	Sata exchange amongst multiple parties exchanged remotely (e.g., review of cloud-based platforms, review of socil media platforms, review of data collected by technology in real time, interview through video conferencing)
TYPE OF TECHNOLOGY	Technology is secondary to the audit process (though it may be used to facilitate the process)	ICT used to communicate between on-site and remotely-based auditors	ICT, such as audit/video converencing, screen sharing is used to replicate on-side audit	Various technologies (e.g., machine learning to identify patterns, make predictions, guide decision-making; sensors collecting real-time information) are used to assist an auditor with an audit

Table 2. Characteristics of On-site, Assisted Remote, Remote, and Technology-Enhanced Auditing (Castka et al., 2020a)

RELIANCE ON TECHNOLOGY	Low Audit can be essentially performed without technology	Low/Medium Remotely based auditors need to be able to connect with on-site auditors	Medium Relies predominantly on ICT; off-line (e.g., dekstop review), or real-time (e.g., e-interviewa) or combination of thereof	High Audit relies on multiple technologies
AUDITOR COMPETENCE	Auditing competence (as specified in IAF Guidelines)	Auditing competence and ICT competence	Auditing competence and ICT competence	Auditing competence, ICT competence, and competence in Big Data Analytics

Source: processed data (2021)

This study raises the same question where, in addition to changing the total audit plan, several internal auditors have also changed their approach through remote audit. Auditors with remote audits can perform all or part of their audit procedures remotely. Moreover, it is better when the company has been already using an ERP (enterprise resource planning) application where almost all the data is already in digital form and is available integrated into one system. Do the informants in charge conduct remote auditing systems, how do you as an auditor review documents and analytical reviews, interview procedures, field observations and visits to the field to check stock and asset inventories when PSBB or PPKM restrictions are imposed. Tabel 3 are the answers from the informants.

Table 3. Answer from the Informants

Code Source	Statement
YHL	<i>“Yes, we do remote audits on most of our clients. Especially those that provide access to CCTV when the audit is about to be carried out and also access to the database that can be checked through the audit application. Document review is done by asking the client's staff to copy and transfer them to the computer and send them to the auditor. If possible, audit staff who are located near the auditee will be asked to go to the client's location to carry out the audit process directly. The analytical review process is carried out by ratio analysis to obtain an overview of the client's condition. In conducting interviews, we do this by using applications such as zoom meetings and recording. Our focus is to see the honesty of client management through facial expressions and body movements. Stock inspection is done by utilizing the client's CCTV and assisted by client's workforce and if possible then requesting staff who are near the auditee's location to participate in monitoring the implementation. If the client has a drone that can be operated, we'll also use that facility”.</i>
VDF	<i>“Yes, remote auditing, document review using soft copies and then we ask for 1-2 days to check the original document, as for stock inventory assessment it is conducted virtually with strict procedures.”</i>
ADY	<i>“There are several clients who use ERP. Regarding document review or vouching, we still ask for scans/physical documents (because the system does not support uploading scans of requested documents), for analytical reviews and interviews, they are carried out via email by sending the relevant format or via zoom. As for stock asset observations, it is carried out via zoom or recording from the company, my office policy is to reduce travel to clients. Even when we have to travel, clients are asked to comply with health protocols and provide health facilities for us.”</i>

Table 3. Answer from the Informants

SRL	<i>“When performing a remote audit, document review is carried out with evidence of document delivery via email, Drive, etc., the document is scanned and the results are sent, then an analysis of the document and its conformity is carried out. Interviews are conducted virtually via zoom to be recorded. Field observations are carried out by the company or represented by the company to make recordings related to special conditions requested for observation, recording is carried out through an application with the provider of time and place on the recording results, so that observations are made real and cannot be engineered. The overall results are reanalyzed according to the available evidence.”</i>
EMF	<i>“Carry out other procedures that can replace the unavailable procedures due to these restrictions, so remote audits must be carried out in accordance with company policies with adequate supervision in accordance with government regulations”</i>

Source: Processed data (2021)

From the results of the statement in table 3, both external and internal auditors need to understand that before the COVID-19 pandemic, the audit process had been improved through technology (TEA) (Gale et al., 2017, Castka et al., 2020b). TEA uses a broader set of technologies that go beyond ICT (e.g. sensors, DNA testing, artificial intelligence, satellite imaging, and IoT) to improve audit accuracy and timeliness. For example, DNA testing has been adopted in a traceability system commonly referred to as 'ocean to plate' to improve the accuracy of the ownership rights audit chain and to avoid fraud (Anderson, 2016) and some agencies use on-board cameras, which allow streaming directly, activities to improve the timeliness of audits. TEA expands on-site audit processes and assists in auditor decision-making, such as the use of Artificial Intelligence (AI) solutions to help auditors analyze large volumes of data (PwC, 2018).

The differences and specifications of the new audit forms are summarized in table 2. In this study, the focus is on remote audit and remote assessment. However, in conclusion, the researcher also suggests a hybrid form of auditing and the future of technology-enhanced auditing. During the COVID-19 pandemic, companies, supply chains, regulators and society are all rapidly learning and adapting to work remotely and to use new technologies. A similar situation is observed in conformity assessment (Koch et al., 2021). Conformity assessment services must be able to be delivered remotely. In many jurisdictions, conformity assessment providers are not considered an 'essential service' and therefore a new way to provide audit services must be created.

According to the media auditor (2020) the advantages of remote audit it self are a). Limiting the transmission of infectious diseases between humans, including during the COVID-19 pandemic, as well as other diseases that infect an area, b). Reducing official travel costs which can provide significant savings, when an agency's budget is limited/deliberately constrained by regulations, c). Expanding the scope of audit objects, especially when conditions require additional volume and urgent time. d. Adapting the use of information technology in the auditing field, which is growing rapidly in the digital 4.0 era, spurs and forces auditors to transform away from traditional audit patterns. Meanwhile, the weaknesses of remote audit are a). Visual observation of the auditee's work at the time of sampling is not as thorough and accurate as of the process in a conventional audit (seeing, measuring,

calculating directly). In addition, there is a potential for manipulation of the location and quantity of work shown by the auditee during live streaming with the auditor team, b). Remote audit eliminates the personal and social relationship/interaction between the auditor team and the Auditee, which is usually required for direct coaching, c). There is a potential for falsification of documents by Auditee sent via an online platform to the Auditor team in other locations.

Audit Process

As seen in table 2, there is a significant difference between the on-site audit process and the remote audit process. Despite the lack of direct on-site interaction, remote audit emphasizes more on pre-audit analysis and preparation. Remote audit can be characterized as a continuous chain of activities carried out over a wide period of time. Preparation for remote audit is the key and it determines the success of the audit. This includes communication between auditors and clients regarding audit focus, technology preparation and testing (e.g. zoom) and sharing of documents and records. Client transparency is very important to support the audit process to be carried out correctly in accordance with procedures to avoid fraud.

Based on the analysis, the audit process can be divided into 2 (two) stages or types as follows, see table 4.

Table 4. The Comparison of mainstages in the audit process

Stages in Audit Process	Preparation	Pre-Audit Remote Analysis	Audit	Audit Report
Field Audit	On-boarding from a company	Limited	Focus on all aspects of the audit (documents, reviews, records, on-site observations, interviews and additional evidence gathering); intensive on-site interaction between the auditor and the company	Usually conducted on-site
Remote Audit	On-boarding clients; submitting documents and notes to be reviewed	An extensive review of documents and notes before the audit, auditors can ask for additional evidence before the audit	Built on pre-audit analysis, communication between auditor and company within blocks of time - allowing auditors more room to analyze evidence	Conducted remotely after conclusions of all of the analysis

Source: Processed Data (2021)

The Implementation of Agility Audit Conducted by External dan Internal Auditors

According to KPMG (2020), Agility Audit helps the internal audit function (IAF) respond in a timely and effective manner to internal and external developments. Furthermore, in times of crisis (like the current COVID-19 crisis),

the Agile mindset is proved to be very important. Agile working offers IAFs the flexibility to repeat audits and perform them in changing and/or disrupted environments. The following limitations may be considered in the form of completely changing risks for topics such as business continuity management or business resilience or fieldwork which must be managed differently, as physical access to the site is no longer possible for a certain period.

Agile working has the greatest effect in IAFs where: audits must be completed in a short time to meet stakeholder expectations or annual audit plans are executed more flexibly after recent and changing risk analysis; expectations and relationships with stakeholders should be improved by creating more networking and alignment moments and increasing the involvement of team members in the audit team. The following questions were asked to informants, namely that auditor agility was also seen from the agility and flexibility of the auditors to changes in risk in their organization, so that senior auditors direct their 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. Informants were requested to provide an overview of the assignments at their workplace. Statement answers from informants are explained as follows, see table 5.

Table. 5 Answer from Informant

Code Source	Statement
<i>YHL</i>	<i>“Auditor agility is also perceived from their agility and flexibility to changes in risk in their organization, so that senior auditors direct their audit staff to carry out non-audit assignments and to give inputs and suggestions regarding client problems. For example, when a client needs help designing a website, knowledgeable staff can help the client create a simple website. In addition, in terms of income, staff who have design skills help clients in running digital marketing.”</i>
<i>VDF</i>	<i>“One example of an audit agility assignment to our staff is by conducting an Inquiry with management and investigating the supporting documents of the figures.”</i>
<i>ADY</i>	<i>“There is no assignment aside from the general audit that I handle”</i>
<i>SRL</i>	<i>“When the COVID-19 disaster struck, work continued as usual, but we follow the government policies, maintaining and using appropriate procedures as well. The task is still carried out even in the WFH state. Management is arranged in such a way as to adapt to a crisis like this.”</i>
<i>EMF</i>	<i>“There is no other assignment”</i>

Source. Processed Data (2021)

Based on the statements above, it can be concluded that not all auditors, both external and internal, get assignment shifts or new assignments to implement agility in crisis conditions. For those who get a new assignment, the assignment can be in a form of helping clients to improve company performance according to their skills. According to the previous research, the author agrees that remote audit and agility audit play an important role in the audit process during a pandemic. This is because having an agility and remote audit is an alternative solution that can be used to overcome problems that arise, especially when conducting the audit process during the pandemic. The role of the auditee is also very important to support the

realization of an effective and efficient audit process. The author does not agree with previous research that other indicators that must be met to realize GCG and the implementation of an effective and efficient remote audit and agility audit, namely the need for support for updating technology facilities (digital audit) both in skills, equipment and knowledge of the auditors.

The Implementation of Fraud Pentagon Theory in the COVID-19 Pandemic

According to (Evana et al., 2019), the fraud pentagon theory, it is influenced by several different condition factors, consisting of Pressure, Opportunity, Rationalization, Capability, Arrogance, which have background conditions that can trigger fraud. Hence it is important to advance that the role of the remote audit approach and agility. The description of some of these condition factors can be explained as follows:

The Effects of Pressure towards Fraudulent Financial Statement in the COVID-19 Pandemic

In this study, it was found that fraud cases increased during the covid-19 pandemic, this can be seen from the pressure on financial stability which has decreased very drastically, triggering fraud, for example, forms of asset misappropriation, ranging from cash theft, cash receipt fraud, fraud during disbursement, misuse of company asset inventory (Evana et al., 2019) suggests that pressure is a condition when someone commits fraud due to pressure, so here using proxies from 3 types of general conditions (financial stability, external pressure, and financial targets). Pressure from leaders directed at managers to get targets to be achieved encourages agents to take whatever action to show that the company is in better shape than it is. The statement can be said that management commits fraud.

The Effects of Opportunity Towards Fraudulent Financial Statement in the COVID-19 Pandemic

During the pandemic, there are restrictions (PSBB and PPKM) applied by the government, so the opportunity to commit fraud is greater due to the limited supervision and control system. Opportunity is a condition in which a person commits an act of fraud caused by an opportunity. In this study, the opportunities projected by Nature of Industry associated with the existence of risks involve significantly greater estimation and judgment (Evana et al., 2019).

The Effects of Rationalization Towards Fraudulent Financial Statement in the COVID-19 Pandemic

Rationalization is the existence of attitudes, characteristics, or a set of ethical values that allow certain parties to commit fraudulent acts. According to Jones (2018) the total accrual ratio variable can be used to describe the rationalization related to the use of the accrual principle by management. The total accruals are all accruals that appear in a period of time. Total accruals are calculated as changes in current assets minus cash, minus changes in current liabilities, plus changes in short-term debt, minus depreciation and amortization costs, minus deferred income tax plus capital (Evana et al., 2019).

The Effects of Capability towards Fraudulent Financial Statement in the COVID-19 Pandemic

According to Evana et al., (2019) the abilities possessed by someone in the company will affect the possibility of someone committing fraud, for example: A change of directors can be a company's effort to improve the performance of the previous directors. However, the presence of a change of directors requires adaptation time to the new culture to reduce effectiveness in performance. This will cause a period of stress that affects more open opportunities to commit fraud.

The Effects of Arrogance Towards Fraudulent Financial Statement in The COVID-19 Pandemic

Managerial owner is a situation where a manager owns company shares or in other words that the manager is also a shareholder (Karima, 2014). The presence of several shares owned by company management will affect the management policies in disclosing the company's financial performance. This can lead to an attitude of arrogance where management feels that any internal control will not be applied to them because of their status and position.

Based on several different factors consisting of Pressure, Opportunity, Rationalization, Capability, and Arrogance on the implementation of Fraud Pentagon Theory, alternative solutions that can be taken to reduce the risk of fraud during the COVID-19 pandemic according to sources, are as follows, see table 6.

Table 6 Answer from Informants

Code Source	Statement
YHL	<ol style="list-style-type: none"> 1. Performing comparison analysis and ratio analysis to obtain a clear picture of the company's condition. 2. Mapping the risks that the company faces 3. Checking the adequacy of cash flow from both main operating activities and sales of fixed assets that can no longer be used 4. Mapping client efficiency 5. Obtaining an overview of the client's changing business processes and how to anticipate them 6. Seeing changes in technology used by clients, security procedures (cybersecurity) 7. Checking the condition of the auditee remotely to find out the health risks faced by client employees that may affect their operations 8. Obtaining information on how clients innovate in earning their income 9. Strictly following the SOP, creating reward & punishment, transparency, dan improvement/conformity of the system in supervision and control”
VDF	“Firstly, an inquiry related to the impact of COVID and then conduct several tests of control and substantive related to accounts or parts that have a significant impact due to COVID-19.”
ADY	<p>“For me, I don't focus on auditing cybersecurity and fund/infrastructure security because most of my clients don't need it (only integrated like the SAP, not cloud computing, etc.), only basic knowledge related to the system used by the Company.</p> <p>Regarding revenue risk, I focus more on test of control, vouching and cut off procedures by paying attention to authorization/handover from client customers. My clients are not too affected by the PSAK 72 because their business is very basic (trade and service), and some manufacturing and there are no significant things such as non-cash consideration or contract modification.</p> <p>Regarding liquidity, there are no significant changes from the usual audit procedures (confirmation, vouching outstanding, or subsequent payments.”</p>
SRL	“Following the government's recommendations, implementing health procedures, following the rules that have been set for the implementation of the audit, then communicating in the context of a remote audit, to get maximum results and in accordance with the expected output. Also, ensure that the participants in the remote audit are in a healthy condition to reduce risk.”
EMF	“Try to learn about the possible risks that will come in the future. After that, do planning to anticipate possible risks that will come.”

Source. Processed Data (2021)

According to Castka et al., (2020) and based on the explanation above, it can be concluded that some conditions could be solved by remote and agility approach, namely:

1. Auditors determine compliance based on evidence mainly collected on-site. Hence, for remote and agility audit approaches, auditors can apply the technology base used to replicate on-site audits.
2. Data collection with a direct or a field audit approach can be done by collecting data exchanged between the client and on-site auditors (for example, hard copy reviews, electronic file/database reviews, direct interviews). Thus, for remote and agility audit approaches, auditors can implement data exchanged between clients and auditors remotely (e.g., review scanned documents, review cloud-based platforms, review satellite imagery, interview via conference video).
3. The type of technology used during direct or field audits is secondary to the audit process (albeit it can be used to facilitate the process), while for remote and agility audit approaches, auditors can apply ICT, such as auditing / video conferencing, screen sharing is used to replicate the audit in multiple angles
4. In direct or field audits, the dependency on technology is low, audits can be carried out without technology. Meanwhile, for the remote approach and agility audit, auditors can apply moderate technology, they depend mainly on the ICT; off-line (e.g., desktop review), or real-time (e.g., e-interview) or a combination of both ways.

Conclusions

This study discovered that due to the new framework for remote audit, remote auditing has different audit procedures compared to conventional audits. Remote audit also has the same effectiveness and efficiency as conventional auditing, so there are several advantages and disadvantages of remote auditing. As for the agility audit, it is an attitude that needs to be pursued in changing the mindset, creativity and speed of auditors in responding to problems that occur during the COVID-19 pandemic. Therefore, the authors conclude that remote audit and agility audit have a close connection because they can affect audit quality which can realize good corporate governance can minimize risk and fraud. This study also focused on remote audit and remote assessment. In addition, it proved that an audit is needed in the form of a technology-based hybrid audit in the future full of uncertainty due to COVID-19.

Limitations

The limitation of this study is that it did not explore different methods in applying remote and agility audit systems. Thus, there were no additional indicators that could affect the success rate in applying remote and agility audits that are effective and efficient in navigating the audit process during the COVID-19 pandemic. It was difficult to obtain detailed information from respondents while conducting direct observations and interviews due to the respondents' uncertain schedule. Respondents' busy schedules resulted in a longer research time and limited results. Limited skills, and the availability of technology infrastructure by respondents can hinder audit navigation during the COVID-19 pandemic. This

study did not review the methods to ensure whether the auditor has assessed the adequacy of the remote and agility audit implementation in accordance with audit standards. Thus, remote and agility audits are still general and only considered the factors of finding solutions to problems faced by auditors during the COVID-19 pandemic.

Suggestions

For both external and internal auditors, the authors suggest that during the COVID-19 pandemic, the audit process can still be carried out through a remote audit process. However, in practice, certified public accountants (external auditors) must have full access to documents that can be used as audit evidence. This access is the result of an agreement between the certified public accountant and the auditee. In addition, companies are expected to invest in technology infrastructure to facilitate and grow the attitude and adaptability of auditors (agility audits) and the companies themselves during the pandemic. From the auditors' perspective, which is an implementation of agility audit, they ought to prepare a new framework, for example with hybrid auditing during this pandemic.

For the government, the author suggests that it is important for the supervisory and examiner team of PPPK (Financial Professional Development Center) to continue to carry out supervision and examination of the financial profession. This is to ensure that the supervisory function is in the context of protecting the public interest. Supervision and reconsideration of audit engagements to alternative audit approaches that must be taken during the COVID-19 pandemic by the PPPK supervisory and examiner team, especially in terms of evaluating the accuracy of assumptions and reliability of data used in pandemic conditions, so that Good Corporate Governance (GCG) on quality audits can be realized even though there are many limitations during the COVID-19 pandemic.

The author suggests that further research shall conduct more studies that explore different methods of remote and agility audit implementation so that other indicators that affect the audits can be discovered, as well as the need to review what methods shall be used to ensure whether the auditor has assessed the adequacy of the implementation remote and agility audit in accordance with audit standards. To anticipate the difficulties in aligning the interview schedule, next researchers should be able to make an additional schedule to anticipate the limited time and the stability of the internet network in the interview process.

Implications

During the COVID-19 pandemic, remote audit and agility audit had a large and significant impact on audit design and structure. Compared to the traditional structure (hierarchical and structured), the audit setup must allow it to work agile (having the ability to find solutions), where technical support is very important to carry out remote audits that can be done during an emergency or crisis. Remote audit and agility audit are also effective and efficient alternatives so that work activities and audit processes can continue to run to realize good corporate governance (GCG). Thus, it also added value for companies to assist management and directors in improving internal control processes and detecting fraud optimally.

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