

The Influence of *Human Capital* and *Time Budget Pressure* on Remote Audit Survey KAP Central Java DIY

Dewi Saptantinah Puji Astuti ¹Tri Ratnawati ²

17 August 1945 University Surabaya, Indonesia

Email: 1271900024@surel.untag-sby.ac.id ¹
triratnawati@untag-sby.ac.id ²

Abstract

The purpose of this study was to find out how the influence of exogenous variables (*Human Capital* and *Time Budget Pressure* on Remote audit. Data was obtained by distributing questionnaires to respondents, namely auditors at Public Accounting Firms in Central Java and Yogyakarta. The results of research for direct influence stated that all hypotheses were accepted. The analytical tool used is SPSS Suggestions for further researchers to develop research by adding the internal auditor's role variable and the number of findings produced by auditors in the field.

Keywords: *Human Capital, Time Budget Pressure, Remote Audit*

INTRODUCTION

The global economic disruption caused by the Covid-19 Pandemic can increase the prevalence of the risk of material misstatement in management's assertions in financial statements. The intense atmosphere of uncertainty at the macro and microeconomic levels may result in a significant change in the initial assessment of the identified risks of material misstatement. In response to these conditions, management and those charged with governance are required to prepare and present financial statements and other relevant disclosures based on their best judgment and analysis of current facts and predictable events after the reporting date.

Meanwhile, in the current situation, the auditor still has to maintain audit quality and can obtain sufficient audit evidence to support the audit opinion. The auditor profession is trusted as a party that has expertise in assessing fairness presentation report finance. Independence auditor is Thing which veryimportant in providing services for assessing the fairness of financial statements and providing

opinion that, with an independent attitude then the auditor will not side with anybody in operate his job. Implementation audit which independent as well as base on Standard Professionalism Accountant Public (SPAP) aim so that could produce audit which quality. Quality audit is something possibility auditor find and report a violation in its accounting system (Deangelo, 1981) and the process is in accordance with the standard implementation of audits.

Field work which is one of the stages in the implementation of the audit becomes an obstacle for the auditor in its implementation, this is a challenge for the auditor in collecting audit evidence. In the current COVID-19 pandemic conditions, audit quality will be a problem, because on moment this many worker which operate *Work from Home* , as well as with application *social distancing* will influence implementation from profession audits, especially during field work, due to restrictions community activities, all activities in the audit stage will also have an effect in implementation.

This phenomenon in Indonesia is supported by submissions from public accountants who were presented in the *Technical Newflash* in April 2020 by the Indonesian Institute of Certified Public Accountants (IAPI), regarding the auditor's response in dealing with the COVID-19 pandemic, that there are several factors that can support audit quality, namely: there is an influence on the public accounting profession, the network of Public Accounting Firms (KAP), the KAP itself, the development of remote audits and other assurance services (IAPI, 2020) . From the phenomena that occurred in several KAPs in Indonesia and the research in the UK as well as the response from IAPI regarding the implementation of audits during the pandemic, which prompted researchers to conduct research related to audit quality during this pandemic, the novelty of this research is to try to examine the uniqueness of *remote auditing*. which was rarely found in the pre-pandemic period, in this case there is still little research on various factors that affect audit quality during this pandemic. Study this connect various factor which affect the Remote Audit that linked During time pandemic . There are two independent variables that will be used in this study, namely *Human Capital* and *time budget pressure* that affect Remote Audit.

On moment condition pandemic like moment this, with application *social distancing* as well as existence *Work from Home* good for auditor and company client so implementation audit in field Becomes reduce the proportion, because all replaced with doing profession from far that is which known with term Remote audits, inIn this case, the auditor does not directly deal with the client in gathering evidenceand carry out audit procedures but only through virtual. Remote Audit is not only limited During time pandemic just because actually on moment this with increase transaction in era digital so implementation audit also already start developed to direction electronics audits, so that possible implementation audit within the remote from far.

Human Capital which the more increase will influence process audit with thereby will increase quality audit (Samagaio & Rodrigues, 2016) ; (Bianchi et al., 2020) . But with the current pandemic situation, such as *social distancing* the

so many company which postpone even cancel activity training, thereby affecting the expertise of these auditors, so that *Human Capital* will take effect negative to quality audit (Albitar et al., 2020) . At the present time, with so many distance learning systems, KAP can assign its auditor staff to attend online education and training, either attending training or webinars, which are currently being held, this has not been disclosed in previous research.

Time Budget Pressure is pressure time which needed on moment doing audits, time which the more restricted make auditor sometimes taking shortcuts by shortening audit procedures, thus shortcuts by shortening audit procedures will have an effect on audit quality. In this study using the *time budget pressure* variable , because in a pandemic situation with a work pattern, namely the existence of social distancing and work proportions by way of *Work From Home* (WFH) and *Work From Office* (WFO) it will affect the time used by auditors in collecting evidence. sufficient audit time, while the time provided for the completion of the audit has been determined, this will make it difficult for the auditor to allocate time and thus affect the quality of the resulting audit.

METHOD

Research design

Research design is carried out by researchers by integrating all research components in a logical way and producing a conclusion. This research is a quantitative research with the scope of this research is the auditors at KAP in Central Java and DIY. While the research method used is a survey method, by distributing questionnaires to respondents. The type of data is quantitative and the data source is primary data source. With a population of all auditors in KAP in Central Java and DIY.

Population and Sample

The population is a generalization area consisting of objects or subjects with certain qualities and characteristics determined by researchers to be studied and then drawn conclusions (Sugiyono, 2017). The population in this study were auditors at KAP in Central Java and DIY.

The sample is part of the number and characteristics possessed by the population, if the population is large, and the researcher is not likely to study everything in the population, the researcher can use the sample. For this reason, samples taken from the population must truly represent (Sugiyono, 2017). The samples used in this study were auditors at KAP in Central Java and DIY. The sampling technique was carried out by purposive sampling, namely the sample was determined based on a number of considerations and certain criteria.

The criteria for determining the sample in this study are:

1. Have at least 3 years experience as an auditor (KAP).
2. Have audited at a client company

RESULTS AND DISCUSSION

The research results section in the conceptual article will display exploratory data based on research questions, literature reviews, and frameworks that have been directed at the introduction (Darmalaksana, 2019). In this study, the results of the research are shown as follows.

		Coefficients ^a				
		Unstandardized Coefficients	Standardize d Coefficient s			
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	50.870	8,441		6,026	,000
	Human Capital	,384	,135	,297	2,850	,005
	Time Budget Pressure	-,832	,188	-,462	-4,431	,000

a. Dependent Variable: Remote Audit

From the table above it can be concluded:

d. Test results Variable Human Capital (X_1)

Obtained p-value (significance) = 0.005 < 0.05 then H_0 is rejected and H_a is accepted, meaning that there is a significant influence on *Human Capital* on Remote Audit.

Conclusion: H_1 which states that *Human Capital* has a significant effect on Remote Audit is proven true

e. Test Results Variable *Time Budget Pressure* (X_2)

Obtained p-value (significance) = 0.000 < 0.05, then H_0 is rejected and H_a is accepted, meaning that there is a significant effect of *Time Budget Pressure* on Remote Audit.

Conclusion: H_1 which states that *Time Budget Pressure* has a significant effect on Remote Audit is proven to be true

CONCLUSION

Conclusion

The conclusions obtained from the results of this study are as follows:

1. *Human capital* has a significant effect on remote audit, the higher the level of *human capital* for remote audit, the higher the remote audit.

2. *Time budget pressure* has a significant effect on remote audit, the higher the level of *time budget pressure* for remote audit, the higher the remote audit.

Suggestion

From the limitations above, it can be suggested that research respondents for further research should be directed to managers or supervisors who are more involved in final decisions, and suggestions for further research are to use other variables outside of this study that affect remote audits, for example the number of findings. on-site audit or Internal audit role .

REFERENCE

- Al-Khaddash, H., Al, R., Arab, NB, Banks, I., & Amman, J. (2013). Factors affecting the quality of Auditing: The Case of Jordanian Commercial Banks. *International Journal of Business and Social Science* , 4 (11), 206.
- Albitar, K., Gerged, AM, Kikhia, H., & Hussainey, K. (2020). Auditing in times of social distancing: the effect of COVID-19 on auditing quality. *International Journal of Accounting and Information Management* . <https://doi.org/10.1108/IJAIM-08-2020-0128>
- Alexeyeva, I. (2012). Effect of different economic conditions on audit and non-audit fees: Evidence from Sweden. *Master Thesis, Umeå: Umeå University* , 82.
<http://umu.diva-portal.org/smash/record.jsf?pid=diva2%3A535518&dsid=8050>
- Andreas. (2016). Interaction between Time Budget Pressure and Professional Commitment towards Underreporting of Time Behavior. *Procedia - Social and Behavioral Sciences* , 219 , 91–98. <https://doi.org/10.1016/j.sbspro.2016.04.047>
- Ayu Amalia, F., Sutrisno, S., & Baridwan, Z. (2019). Audit Quality: Does Time Pressure Influence Independence and Audit Procedure Compliance of Auditor? *Journal of Accounting and Investment* , 20 (1). <https://doi.org/10.18196/jai.2001112>
- Barretto, CR, Drumond, GM, & Méxas, MP (2022). Remote audit in the times of COVID-19: a successful process safety initiative. *Brazilian Journal of Operations and Production Management* , 19 (3), 1–17.
<https://doi.org/10.14488/BJOPM.2021.048>
- Basundoro, SJ, & Purwanto, A. (2017). THE EFFECT OF TIME BUDGET PRESSURE AND HUMAN CAPITAL ON REDUCED AUDIT QUALITY ACT WITH ORGANIZATIONAL ETHICS CULTURE AS MODERATING VARIABLES (Empirical Study on Public Accountants in Semarang City). *Diponegoro Journal of Accounting* , 6 (3), 525–537.
- Bianchi, PA, Carrera, N., & Trombetta, M. (2020). The Effects of Auditor Social and Human Capital on Auditor Compensation: Evidence from the Italian Small Audit Firm Market. *European Accounting Review* , 29 (4), 693–721.
<https://doi.org/10.1080/09638180.2019.1647258>
- Castka, P., Searcy, C., & Fischer, S. (2020). Technology-enhanced auditing in voluntary sustainability standards: The impact of COVID-19. *Sustainability (Switzerland)* , 12 (11), 1–24. <https://doi.org/10.3390/su12114740>
- Coff, R., & Raffiee, J. (2015). Toward a theory of perceived firm-specific human capital.

DOI :

ISSN :

- Academy of Management Perspectives* , 29 (3), 326–341.
<https://doi.org/10.5465/amp.2014.0112>
- Deangelo, LE (1981). *AUDITOR SIZE AND AUDIT QUALITY* Linda Elizabeth DeANGELO* . 3 (May), 183–199.
- Du, X., Yin, J., & Hou, F. (2018). Auditor human capital and financial misstatement: Evidence from China. *China Journal of Accounting Research* , 11 (4), 279–305.
<https://doi.org/10.1016/j.cjar.2018.06.001>
- Eulerich, M., Wager, M., & Wood, DA (2021). Evidence on Internal Audit Effectiveness from Transitioning to Remote Audits Because of COVID-19. *SSRN Electronic Journal* , January . <https://doi.org/10.2139/ssrn.3774050>
- Fauzan, RH, Julianto, W., & Sari, R. (2021). Effect of Time Budget Pressure and Audit Risk on Audit Quality. *CORRELATIONS: National Research Conference on Economics, Management, and Accounting* , 2 (1), 865–880.
<http://ejournal.upi.edu/index.php/JRAK>
- IAPI. (2013). *SA 705.pdf* (pp. 1–34).
- IAPI. (2020). Auditor's Response to the COVID-19 Pandemic: Regarding Financial Statements, Audit Procedures, and Practical Considerations to Support Audit Quality. *Indonesian Institute of Certified Public Accountants* , April , 1–20.
https://iapi.or.id/uploads/article/76-TECH_NEWSFLASH_APRIL_2020.pdf
- Journal, D., & Accounting, OF (2017). Effect of TIME Budget Pressure on Audit Quality and Ethical Culture as Mediating Variables. *Diponegoro Journal of Accounting* , 6 (3), 101–110.
- Kumaratih, S., & Pradana, AI (2022). *THE ROLE OF HUMAN CAPITAL ON REMOTE AUDIT THROUGH A . 2022* (1), 487–497.
- Lamboglia, R., & Mancini, D. (2021). The relationship between auditors' human capital attributes and the assessment of the control environment. *Journal of Management and Governance* , 25 (4), 1211–1239. <https://doi.org/10.1007/s10997-020-09536-8>
- Munidewi, IAB, Sunarsih, NM, & Widyantari, IAM (2021). Independence, Time Budget Pressure, Audit Fee and Workload on Audit Quality as The Impact of Covid-19. *Journal of International Conference Proceedings* , 3 (4), 67–76.
<https://doi.org/10.32535/jicp.v3i4.11011>
- RK MAUTZ, PHDCPAANDHASPHD, Mautz, RK, & Sharaf, HA (1961). The Philosophy of Auditing. In *American Accounting Association* .
<https://books.google.com/books?id=KxJKzQEACAAJ>
- Samagaio, A., & Rodrigues, R. (2016). Human capital and performance in young audit firms. *Journal of Business Research* , 69 (11), 5354–5359.
<https://doi.org/10.1016/j.jbusres.2016.04.137>
- Savitri, DI, & Dwirandra, AANB (2018). Time Budget Pressure To Moderate The Effect Of Due Professional Care And Audit Experience On Audit Quality. *E-Jurnal Accounting* , 22 , 1112. <https://doi.org/10.24843/eja.2018.v22.i02.p11>
- Schell. (2013). Powered by TCPDF (www.tcpdf.org) 1 / 1. In *How languages are learned*

(Vol. 12).

- Widodo, RAK, Scouts, BA, & Herwiyanti, E. (2016). Effect of Competence, Auditor Education Level and Time Budget Pressure on the Quality of Audit Results. *Journal of Accounting* , 10 (1), 1–22. <https://doi.org/10.25170/jara.v10i1.36>
- Xiao, T., Geng, C., & Yuan, C. (2020). How audit effort affects audit quality: An audit process and audit output perspective. *China Journal of Accounting Research* , 13 (1), 109–127. <https://doi.org/10.1016/j.cjar.2020.02.002>
- Zahrawati, C., Faradina Shanti, D., Rizkiya Utami, D., Khumaedi, H., Suhartini, M., Kencana No, Jls., & South-Banten, T. (2021). Remote Audit at The Audit Board of The Republic of Indonesia To Face The Challenges of 5G Society. *Pege (Page 02 (1))* , 110–120. <http://www.openjournal.unpam.ac.id/index.php/SNH>
- Zainudin, ADPA, Aswar, K., Lastiningsih, N., Sumardjo, M., & Taufik, T. (2021). Analysis of potential factors influencing audit quality: The moderating effect of time budget pressure. *Problems and Perspectives in Management* , 19 (4), 519–529. [https://doi.org/10.21511/ppm.19\(4\).2021.42](https://doi.org/10.21511/ppm.19(4).2021.42)