Internal Audit During a Pandemic: Acceptance of Technology in Internal Audit in Retail Companies

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Abstract

This research is qualitative research with a case study approach to the use of technology in the internal audit department of a retail company during the pandemic. The samples used were all internal auditors of PT Sumber Alfaria Trijaya Tbk Branch Jember. The data analysis used was the focus group discussion (FGD) method and literature study. Research results related to audit activities during a pandemic from the point of view of technology utilization have been implemented in five (5) sectors. Sector planning, documents, field audits, confirmation and reporting. In general, the use of technology in carrying out internal audits during a pandemic has been well adapted.
Keywords: Internal Audit, Retail Companies, Pandemic

INTRODUCTION

The Covid 19 pandemic that occurred in almost all countries in the world including Indonesia has changed many activities in all fields, both in the profit and non-profit sectors. According to data from covid19.go.id as of November 2022, Covid 19 has spread to 234 countries with 633,601,048 confirmed cases and 6,596,542 people who have died. In Indonesia alone, there were 6,596,812 positive confirmed cases with 159,323 deaths per the same date.

Micro and macroeconomic conditions have also been hit hard by the effects of adjusting to the pandemic situation. A survey conducted by the "Kemnaker" together with the Institute for Development of Economics and Finance (INDEF, 2020) stated that 88% of companies were affected by the pandemic in the last 6 months. 9 out of 10 companies in Indonesia were directly affected by the COVID-19 pandemic. Most companies still employ their employees. Meanwhile, 25.6% of companies laid off their workers, 17.8% of companies implemented

layoffs and 10% of companies did both. The company is doing this because it is the only way to efficiency amid a pandemic. However, this has gradually improved along with the implementation of vaccinations and relaxation of health protocols since early 2021.

The pandemic has signalled that work from home (WFH) is an option for companies to be flexible even though the efficiency of the number of workers and reduced wages are unavoidable. This led to the enactment of policies issued in the context of overcoming and adapting to existing conditions. This also includes companies that must be able to adapt in terms of policies that prioritize breaking the pandemic chain in the middle of a mission to make a profit. This certainly requires extra thought and creativity so that business processes can continue by balancing health and economic factors. Of course, with all the limitations that involve physical activity, there is a factor of using technology to support business process activities.

Technological developments in business processes have affected the way of working in various fields, one of which is auditing or internal auditing which is part of a company. The implementation of an internal audit which is synonymous with the activities of controlling and evaluating business processes in the company requires a lot of direct face-to-face activities. This is even more so for companies engaged in the retail sector because there are many types and quantities of goods that must be monitored and even inspected. Therefore, it is necessary to make many adjustments to implementation in the field during a pandemic. Of course, by taking advantage of many elements of technology.

Given the importance of knowing the level of acceptance of a person or system used for technology, there are models of technology acceptance, one of which is the TAM (Technology Acceptance Model) model developed by Davis (1989). The main objectives of TAM are: to explain determining the acceptance of information technology in general and to provide an explanation about the behaviour of users in a population.

In response to all conditions and limitations during a pandemic, there should have been a big difference in terms of the use of technology in internal auditor activities. Based on this explanation, the author is interested in researching "Internal Audit During a Pandemic: Acceptance of Technology in Internal Audit in Retail Companies.

LITERATURE REVIEW

A. Internal Audit

Sawyer (2009) explains that an internal audit is a consulting activity and objective assurance that is managed independently within the organization and is directed by a philosophy of adding value to improve the company's operations. The definition of Internal Audit according to Tugiman (2014) is an independent assessment function within an organization to test and evaluate the organizational activities carried out. Mulyadi (2010) The scope of internal inspection assesses the effectiveness of the internal control system owned by the organization, as well as the quality of implementation of the responsibilities given, internal inspection must review reliability, review the various systems that have been established, review the various methods used and review various operations or programs.

Implementation of internal audit according to IIA (2017) begins with planning an audit, followed by testing and evaluating information, submitting the results of the inspection and ending with follow-up on the results of the inspection. IIA (2017) also explains the purpose, authority and responsibilities of internal auditors, namely the existence of the internal auditor function within the company, the authority to relate to records and documents, company personnel and property related to the implementation of the audit function and provisions for the scope of audit activity.

B. Technology Acceptance Model (TAM)

Davis (1986) explains that the purpose of the Technology Acceptance Model or TAM is to explain and analyze what factors influence user acceptance of information technology. The main constructs of TAM are perceived usefulness, perceived ease of use, attitudes toward use, behavioural interest, and real use.

Before the TAM model existed, there was a theory developed by Fishbein and Ajzen (1975, 1980), namely the Theory of Reasoned Action (TRA) with the principle of determining how to measure the components of a relevant behavioural attitude, then distinguishing between beliefs or attitudes, and determining external stimuli so that cause user reactions and perceptions of information systems.

RESEARCH METHODS

The type of research chosen is qualitative research with a case study approach in retail companies regarding the use of technology in the internal audit department during the pandemic.

The population in this study is the internal audit department at the retail company Sumber Alfaria Trijaya Tbk Branch Jember. The samples used were all internal auditors, totalling 3 people consisting of 1 auditor supervisor and 2 auditors.

The data collection method used was library research and field research consisting of interviews and documentation. While the data analysis approach used is the focus group discussion (FGD) method and literature study.

RESULT AND DISCUSSION

In general, the duties of the Internal Audit Department at PT Sumber Alfaria Trijaya Tbk Branch Jember have been divided into two (2) main tasks, namely departmental audits and operational (store) audits. Departmental audits are carried out within the scope of the office covering all departments while operational audits are audits carried out with an emphasis on conditions in the field (store). The Internal Audit Department in carrying out its duties in terms of implementation time is divided into two (2), namely routine audits carried out according to schedule and planning and investigative audits carried out as a follow-up to an incident or issue of an existing grandparent, both for the department and operational (store).

The audit implementation at PT Sumber Alfaria Trijaya Tbk Branch Jember from the point of view of using technology in the pandemic era did not change too much, because there were things that could not use remote technology such as cash opname and stock opname activities. In general, the use of technology in conducting audits will be discussed and divided into the preparation, document, field audit, confirmation and reporting stages.

A. **Planning**

The planning stage is very important in the implementation of the audit because it will determine the scope of the audit. However, when there is a distance limitation, it will certainly become an obstacle related to planning discussions. The planning discussion includes the scope and schedule of the audit. The auditor must also explain the approach to the audit process including an explanation of matters that need to be anticipated regarding the implementation of remote audits which are not yet common practice, especially during a pandemic.

The Internal Audit Department, in coordinating both at the branch, regional and national levels before the pandemic, was used to the remote (online) method, even though it was

only for sudden activities. However, during a pandemic, it is more maximizing online coordination meetings, both those that are routine and those that are urgent or sudden in nature.

One example of a discussion in the planning stage is how and when the information will be shared, what technology will be used (ranging from the application for communication to the type of hardware used) and what authorization needs to be obtained to take documentation both video and photos, and what are the limitations only thing to consider or avoid.

It is also important to address from the outset the limitations of the remote audit process and explain that fieldwork may still be required in the future based on the findings of the remote audit, or once barriers to physical visits have been removed (eg, travel bans are lifted).

Based on the need for additional information and explanations, experience has shown that internal auditors should allocate twice as much time to conducting planning meetings as is required in a traditional audit.

B. Documents

The documents referred to in this study are documents or data in the context of controlling or guaranteeing business process activities and documents or data obtained in the audit implementation process. Documents or data for underwriting activities are obtained from related departments such as cashier collection, accounting & finance departments, operations departments, IT departments and others which provide reports on each activity. The difference with the pre-pandemic period was that documents or data were provided when requested by the Internal Auditor but during the pandemic, the quantity of data provided was greater because of their routine nature. The data is provided by sharing reports sent via email.

In reviewing the documents obtained there were similarities both before and during the pandemic, but there were some limitations. It may take more time for related parties to prepare and upload documents to file-sharing platforms such as google drive etc. when compared to providing access to archives on the job site. Existing documentation methods (recording in working papers, database storage systems, etc.) may require additional time to convert records into reviewable formats or soft files and upload the files.

The auditor must be open to receiving and reviewing information in whatever format is most accessible so that the burden on it can be minimized. Where possible, consideration should be given to the accessibility of the digital file system used by the party holding the records. Often direct access can be granted temporarily, only during the course of the audit. Careful consideration should be given to developing an effective strategy for conducting data assessments. For example, the use of a sample may be the best option, depending on the number of records to be examined. Regardless of whether the auditor examines all or part of the available data, the strategy to be used must be discussed in advance with the auditee to ensure the correctness of the information provided to support the decision strategy. sample.

Unlike the on-site review of records, remote review of documents usually does not allow for in-person inquiries at the same time. When reviewing documents remotely, the auditor should record and write down the questions that will be asked during the remote interview. However, one way that allows inquiries to be conducted in conjunction with remote document review is to arrange a video teleconference between the auditor and the auditee. This allows documents to be shared and reviewed, as well as to ask questions and get answers in real-time.

C. Field Audit

Remote field physical inspections are perhaps the most challenging aspect of conducting remote audits. Not much has changed before or during the pandemic. The only difference is the quantity and timing of field audits.

Referring to the preparation and audit documents, the field audit has been planned and analyzed as thoroughly as possible using data or documents that have a high level of completeness and validity. So what plays a bigger role is the audit desk activity. So that when carrying out field audits, efforts are made to only carry out matters of urgency, such as cash opname, stock opname and activities that require direct observation or confirmation.

D. Confirmation

The confirmation or interview stage is carried out in much the same way as before the pandemic. The difference is only the media in confirming the auditee, before the pandemic confirmation was obtained face-to-face and online due to distance limitations while during

the pandemic it maximized confirmation or remote interviews or online using several available technologies (eg Webex, Microsoft Teams and Zoom).

Technically implementing a teleconference, the auditor must be smart and clever in communicating. As when more than one auditor participates in an interview, care must be exercised so that there is no overlapping of conversations with the auditee being interviewed or with other auditors. Moreover, some people may not be comfortable chatting via video, especially auditees who rarely do it. Even though it is unavoidable, the auditor uses a softer psychological approach such as setting good intonation.

Confirmation is carried out still refers to audit documentation, all forms of confirmation must be well documented by video calls, teleconferences, e-mails and even using social media such as Whatsapp chat. The point is flexibility in the use of existing communication technology but with due observance of communication ethics and existing company regulations.

E. Reporting

Audit reporting carried out by the Internal Audit Department is divided into two activities. The first is the preparation of reports and the second is the submission of audit reports to stakeholders in the company. The internal auditors in the branches prepare reports on the results of departmental audits, both routine and investigative and then consult the internal auditor supervisor whose status is located in the region. After that, discussions were carried out in the regional area with a focus group discussion (FGD) system, then presented at the national level as the finalization and authorization stage. This allows the audit team to review their records and findings in coordination activities as described above by maximizing remote or online meetings by teleconference.

Furthermore, the delivery of the audit results as well as the closing of the audit is an opportunity to present the initial draft of the audit results to stakeholder participants, resolve questions or problems, and conduct further discussions for the finalization of the audit results and ongoing development. This activity is also done by maximizing remote or online meetings with teleconferences.

CONCLUSION

Audit activities during the pandemic from the point of view of technology utilization in the Internal Audit Department of PT Sumber Alfaria Trijaya Tbk Branch Jember are generally divided into five (5) sectors.

Planning, in carrying out audit planning during a pandemic, the Internal Audit Department maximizes virtual remote meetings by utilizing teleconference communication technologies such as "zoom, webex, google meet" and in the discussion, it is more thorough in analyzing the preparation stage because it reduces and minimizes direct audit activities (field audits).

Documents, in terms of audit documents or data during a pandemic, the Internal Audit Department maximizes its role as a guarantor (assurance) in the company. This is done by encouraging other departments to send data or reports in real-time and updates using the company's e-mail media.

Field Audit, in carrying out field audits during the pandemic, the Internal Audit Department maximized data analysis carried out before the field audit. So when you are in the field you can shorten your time and only do important activities.

Confirmation, during the confirmation stage during the pandemic, the Internal Audit Department maximizes the use of communication technology. Starting from remote interviews using teleconferences to chat applications such as Whatsapp, the most important thing is to pay attention to communication ethics and existing company regulations.

Reporting, in the reporting stage during the pandemic period of the Internal Department both during coordination and preparation of audit reports as well as when submitting audit reports to stakeholders in the company, maximizing virtual remote meetings by utilizing teleconferencing communication technology such as "zoom, webex, google meet".

Audit activities during a pandemic from the point of view of using technology, in general, have been carried out well. However, this can be maximized by using an integrated system for assurance activities, so that the Internal Audit department can automatically receive real-time data reports from other departments but still pay attention to authorization according to proxies and applicable rules.

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