

ACCOUNTING DIGITAL TRANSFORMATION ASSESSED THROUGH AUDITOR WORKLOAD AND EVIDENCE VERIFICATION

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Abstract

This research examines the usefulness of digital transformation in the implementation of finance in companies. Digital transformation in this case is analyzed by examining the positive influence on auditor workload and evidence verification. The data analysis method used in this research is full model Structural Equation Modeling (SEM) analysis using the Partial Least Square (PLS) approach or better known as SEM-PLS, with a statistical application known as SmartPLS, the SmartPLS version used is version. 3.2.9., the research sample was 30 auditors at a public accounting firm, The data collection used was a questionnaire instrument which was developed by the needs of researchers by examining in more detail about digital transformation after a comprehensive literature review which serves to identify and operationalize the main theoretical constructs. The research results show that digital transformation is influenced by evidence verification, but workload has no effect on digital transformation. In this way, digital transformation can verify data precisely, in real-time, portfolios and submitted documents can be checked more thoroughly.

Keywords: Digital Transformation; Auditor Workload; Evidence Verification; Technology

INTRODUCTION

The development of technology is currently an amazing thing, all fields are experiencing many changes, especially in work patterns which are increasingly varied, although this does not always have a positive impact, technological development is one thing that cannot be ignored, all parties must have the ability to operate the tools available in the website or application used. One area that cannot be separated from technology is accounting. The field of accounting in the era of technology 4.0 is becoming more rapid, and there are many applications related to accounting, especially in completing financial reports.

This change is known as digital transformation, evolving from manual use to digital with neatly stored databases and using real-time. Technology closely related to blockchain will make inroads into some very specific application areas, its impact on the value-added activities of accounting professionals may be overestimated and the existence of Big Data 4.0 which is unique as a result of research has shown that blockchain technology can improve audit quality and/or audit efficiency (Kend & Nguyen, 2020; Wang et al., 2019) and this also confirms that this digital change has had the impact of automated audits which prioritize the use of tools such as data analysis and AI, this explains that accounting systems, automated accounting, automated audits and the impact of technological developments on various industries and professions, although there are many discussions in and outside academia about how automation impacts the audit process (Keskinen & Tarwireyi, 2019; Yasinska, 2021)

Auditors must have digital skills so they are able to follow whatever the client wants. This change provides each public accounting firm with a charter of Professional Conduct that certified accountants and auditors must adhere to in the modern digital environment of cloud computing, electronic auditing and content, by harmonizing the legislative and legal environment rules governing work in the new digital business environment and sets standards for digital accounting work (Aziz & Kawther, 2023; Stensjö, 2020)

One thing that is unique is that the Company's credibility in both public accounting and clients is important in this evolution. Companies having audit committee independence is associated with the use of Big Four audit firms for sustainability assurance and what is painful is that the negative relationship between sustainability committees and assurance suggests that assurance can be a burden for small companies (Al-Shaer & Zaman, 2018) and in this case it also emphasizes that the use of technology makes the auditor's work more efficient because client portfolio data is stored in database form, so that even though the audit season is at the end of the year it can be coordinated well and precisely (López & Pitman, 2014).

In this case, it emphasizes that digital transformation moderates the relationship between the quality of accounting and digital financial reporting and the relationship between the usefulness of accounting information and digital accounting, but does not moderate other relationships. Digital accounting plays an important role in determining and explaining the achievement of company goals. (Phornlaphatrachakorn & Kalasindhu, 2021). This explanation emphasizes that digital accounting will have both positive and negative impacts on completing reports. However, this research emphasizes Human Resources, namely auditors. This research will examine the verification of evidence and the workload faced by auditors. This emphasizes that auditors must be able to properly synchronize whether digital will have a positive impact on the success of providing reports that clients need.

The conclusions in the explanation above provide new information and treasures regarding digital transformation in the future. Thus, the objectives of this research are:

- a. To determine the effect of auditor workload on digital transformation
- b. To determine the effect of evidence verification on digital transformation

LITERATURE REVIEW

1. Development and Hypothesis

The increasingly rapid changes in technological conditions have become a very important urgency to research, not just the use of digital technology in completing financial reports, but also how human resources access each of the tools in the feature. The novelty of this research focuses on the impact of digital transformation on auditors' readiness in carrying out their duties, is the workload lighter and are they able to accept a large number of clients? Or does it make it easier to verify the required evidence? This is interesting to study, because there has been no study of digital transformation relating it to auditor workload and evidence verification. Digital transformation in this case is used by Big 4 and non-Big 4 audit companies. There are differences in using IT in audits and the perception of its importance. There are five implementation levels of IT audit use that differ with the client's technology level and in this case emphasize the importance of planning software. auditing, risk assessment, client onboarding, sampling, continuous transaction monitoring, online transaction testing, digital analysis, fraud review and review of client financial disclosures on websites are applications that are considered to vary in importance. client technology level (Tarek et al., 2017; Yoon, 2020). Thus, it can be concluded that the hypothesis in this research is:

1.1. The Effect of Auditor Workload on Digital Transformation

The auditor's workload is also something that must be studied in more depth. Compressing workloads, audit partners are less likely to issue modified audit opinions and more likely to delay the release of audit reports (Chen et al., 2020; Christensen et al., 2021). This workload is important in maintaining the quality of reports, technology developed while in robot form. The ability of bots to perform tasks previously performed by human employees, there seems to be a lot of uncertainty regarding the role that human employees will play when working alongside bots, there are some definite opportunities for accountants to expand auditor skills related to business processes and improvements, analysis exceptions, as well as robotic software development, testing, and support (Kokina & Blanchette, 2019). Thus, it can be temporarily concluded that digital transformation will have a positive or significant influence on the auditor's workload in completing tasks or in other words, there is an influence on the auditor's workload on digital transformation. This emphasizes success in completing the responsibilities given by partners to auditors.

1.2. The Effect of Evidence Verification on Digital Transformation

Verification of evidence is very important to support the success of a company, every financial report that has verified documents will be a good company. It is clear that document verification will have a positive impact, by obtaining assistance from the Government to increase business operational funds (Ai et al., 2023; Allee & Wangerin, 2018), In this case it is also known that technological developments are closely related to success in verifying each document. Thus the development of accounting information systems expand their management capabilities, including decision support and making, expert decisions (conclusions); building executive information systems with automated templates for information processing, including structural (cluster) or geographic segmentation of data sets; neural statistical analysis, construction of digital models of business processes (Kucherenko et al., 2021; Tiberius & Hirth, 2019). Thus, it can be stated that analyzing evidence is the basis for the auditor's success in disclosing reports and providing firm and clear information.

METHOD

The data analysis method used in this research is full model Structural Equation Modeling (SEM) analysis using the Partial Least Square (PLS) approach or better known as SEM-PLS. To make it easier for this research to produce statistical analysis, a statistical application known as SmartPLS will be used. The version of SmartPLS used is version. 3.2.9.

The sample for this research was taken by random sampling, with the aim of the sample being further filtered and adjusted to the needs of the researcher, where auditors who were registered with the auditor's institution were used more than based on data from the Branch List of Public Accounting Firms (KAP) which had obtained permission from the Minister of Finance on January 15 2023 (<https://pppk.kemenkeu.go.id/in/post/besar-kantor-akuntan-publik-angkat>), where the sample used in this research was 30 auditors from KAP Medan city.

Data was collected through a questionnaire survey. This questionnaire was developed in accordance with the needs of researchers by examining in more detail the change and use of technology after a comprehensive literature review that serves to identify and operationalize the main theoretical constructs (latent variables, which include several indicators) related to digital transformation and the relationships between these constructs. Researchers discussed the questionnaire intensively for several months. In the end, we conducted a pilot survey of three executives (digital transformation, auditor workload and evidence verification). Data collection takes place from November 2023 to the end of December 2023; a total of 30 complete and usable questionnaires were collected.

Table 1. Research Variables and Indicators

No	Research Variables	Indicators
1	Digital Transformation (Y)	<ul style="list-style-type: none"> a) Cloud Computing b) Accountant process automation c) System Integration d) Analysis and Business Intelligence e) Use of Financial Technology (Fintech) f) Interactive Reporting and Transparency g) Remote and mobile capabilities h) Technology Skills
2	Auditor Workload (X1)	<ul style="list-style-type: none"> a) Quality of Internal Control b) Number of Clients c) Communication between management and the editorial board d) Changes in regulations and accounting standards e) Level of risk f) Client Size and Complexity g) Technology and audit evidence tools
3	Evidence Verification (X2)	<ul style="list-style-type: none"> a) Communication between audit and clients b) Understanding quality control c) Selection of test methods d) Evidence Quality Control Assessment e) Document Check f) Analytical testing

Data Analysis Techniques

- a) Validity testing. Validity testing in SEM-PLS will use a convergent method with reflective indicators based on an Average Variance Extracted (AVE) value greater than 0.5 (>0.5). If the AVE value is greater than 0.5 then the indicator that reflects the construct variable is suitable for use.
- b) Reliability testing. Reliability testing in this research will use the Cronbach's Alpha and Composite Reliability methods. Cronbach's Alpha is used to measure the lower limit of a reliability value of a construct variable. The expected Cronbach's Alpha value is >0.7. Meanwhile, Composite Reliability is used to measure the true reliability value of the constructed variable. In this Composite Reliability test,

- the construct variable is declared reliable if it has a value of >0.7 with a reliability coefficient value of between 0 – 1.
- c) Coefficient of Determination (R^2). The coefficient of determination is used to measure how far the model's ability to explain variations in the dependent variable. The criteria used in assessing the coefficient of determination are 0.75; 0.50; 0.25, which respectively represents a model assessment that can explain well, moderately, and weakly. Adjusted R^2 is used when examining exogenous variables that have different measurements or have an unequal number of observations.
 - d) Hypothesis Testing (Statistical T Test). The purpose of direct hypothesis testing is to test the significant level of influence of an exogenous variable on the endogenous variable. This research uses the T-test with the bootstrapping method. The T statistic score or value must be more than 1.96 for a two-tailed hypothesis.

RESULTS AND DISCUSSION
Contents Results and Discussion

This research was conducted by distributing Likert scale questionnaires and the results were obtained as follows:

Table 2. Discriminant Validity
 Fornell-Larcker Criterion

	Auditor Workload	Digital Transformasi	Evidence Verification
Auditor Workload	0,736		
Digital Transformasi	0,527	0,745	
Evidence Verification	0,663	0,693	0,747

From table 2 Discriminant Validity it is clear that if the cross loading is more than 0.7 or $\sqrt{AVE} > ATEM$ then it is declared to have good discriminant validity, thus it can be detailed that the Auditor Workload value is 0.736; digital transformation is 0.745 and evidence verification is 0.747 and the following is an explanation that all indicators have good reliability and validity. This can be emphasized in Figure 1 below:

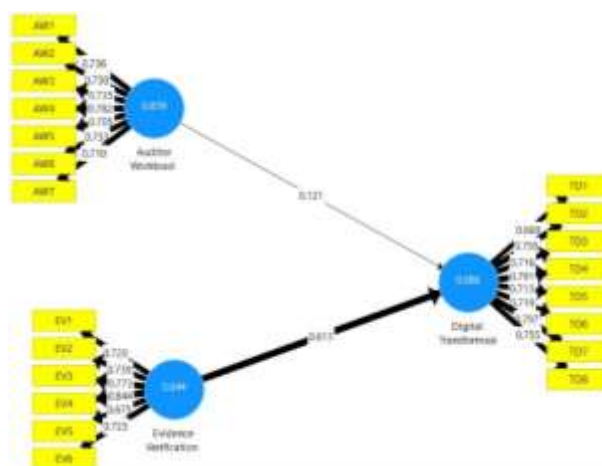


Figure 1. Instrument Validity and Reliability Analysis

Next, testing the coefficient of determination was used to measure how far the model's ability was to explain variations in the dependent variable. The results were obtained in table 3 as follows:

Table 3. R Square

	R Square	R Square Adjusted
Digital Transformasi	0,488	0,450

From table 3, it is clearly known that based on the table above, the Adj R² value is 0.450, then the data is declared to have a good model (incorporating external data) or the contribution of exogenous variables to endogenous variables with an Adj R² value > 0 and it is stated that it has a strong model of 45 %. Next, a T test was carried out and the results were as follows:

Table 4. Path Coefficients

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Auditor Workload -> Digital Transformasi	0,121	0,151	0,204	0,591	0,555
Evidence Verification -> Digital Transformasi	0,613	0,623	0,142	4,307	0,000

In table 4, the results above reflect the Path Coefficients which are the results of direct effect testing so that it can be concluded as follows:

- a) Workload auditor does not have a positive effect on digital transformation with a t statistic of 0.591 (p = 0.555)
- b) Evidence Verification has an effect on Digital Transformation with t statistics 4.307 (p < 0.005)

Table 5. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
AW1 <- Auditor Workload	0,216	0,224	0,066	3,293	0,001
AW2 <- Auditor Workload	0,194	0,197	0,062	3,129	0,002
AW3 <- Auditor Workload	0,199	0,201	0,061	3,268	0,001
AW4 <- Auditor Workload	0,211	0,207	0,059	3,562	0,000
AW5 <- Auditor Workload	0,146	0,145	0,077	1,907	0,057
AW6 <- Auditor Workload	0,188	0,176	0,061	3,059	0,002
AW7 <- Auditor Workload	0,202	0,190	0,061	3,292	0,001
EV1 <- Evidence Verification	0,252	0,251	0,057	4,400	0,000
EV2 <- Evidence Verification	0,224	0,230	0,049	4,609	0,000
EV3 <- Evidence	0,2	0,2	0,	5,384	0,0

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Verification	67	68	050		00
EV4 <- Evidence Verification	0,2 47	0,2 42	0,04 4	5,605	0,0 00
EV5 <- Evidence Verification	0,1 62	0,1 52	0,05 7	2,863	0,0 04
EV6 <- Evidence Verification	0,1 77	0,1 67	0,05 4	3,297	0,0 01
TD1 <- Digital Transformasi	0,1 52	0,1 51	0,04 2	3,582	0,0 00
TD2 <- Digital Transformasi	0,1 45	0,1 43	0,03 3	4,420	0,0 00
TD3 <- Digital Transformasi	0,1 58	0,1 54	0,04 4	3,568	0,0 00
TD4 <- Digital Transformasi	0,1 42	0,1 43	0,02 7	5,228	0,0 00
TD5 <- Digital Transformasi	0,1 65	0,1 63	0,03 2	5,154	0,0 00
TD6 <- Digital Transformasi	0,1 57	0,1 61	0,03 6	4,413	0,0 00
TD7 <- Digital Transformasi	0,2 29	0,2 23	0,04 0	5,782	0,0 00
TD8 <- Digital Transformasi	0,1 93	0,1 94	0,04 6	4,245	0,0 00

From table 5, it explains that there are several indicators of auditor workload which include Quality of Internal Control, Number of Clients, Communication between management and the editorial board, Changes in regulations and accounting standards, Client Size and Complexity and Technology and audit evidence tools significantly. There is an influence with a P value < 0.005, but there is one indicator that does not have a positive influence, namely the risk level indicator with a P value of 0.057 or in other words P value > 0.005. In this case it is also explained that the variable burden of document verification (Communication between audit and clients, understanding quality control, selection of test methods, evidence quality control assessment, document check and analytical testing) and digital transformation (cloud computing, accountant process automation, system integration, analysis and business intelligence, use of financial technology (fintech), interactive reporting and transparency, remote and mobile capabilities and technology skills) all indicators have a positive influence with a P value <0.00

From this explanation it can be described in the following path, this confirms the success of the hypothesis:

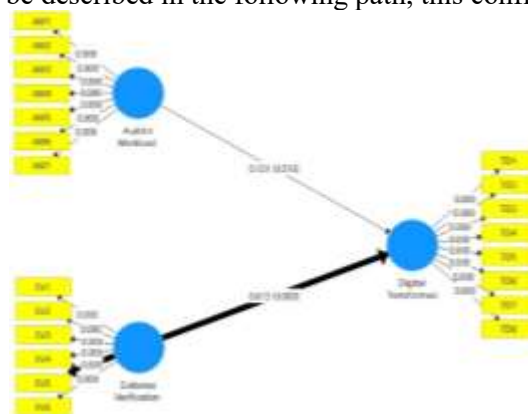


Figure 2. SEM model in T test

From Figure 2, it is clear that there is a thick line which indicates that the greater the influence is visible. It was confirmed that digital transformation was influenced by evidence verification ($p = 0.000$ and $T = 0.613$), but workload did not influence digital transformation with a P value > 0.005 .

Contents of Discussion Results

In this case it is clearly explained that the change from manual to digital provides very varied changes. The research results examine uniqueness, researchers rarely examine the influence of evidence verification and auditor workload on digital transformation. These results emphasize that there is a positive influence of evidence verification on digital transformation, from the results of the questionnaire it is explained that digital needs are becoming urgent, this is because every piece of evidence provided can be checked using a data scan and its validity, if the data is incorrect the detection tool will provide its own answer, so that providing digital transformation is a good thing and has a positive impact on auditor performance, especially in verifying data. One of its existence is marked by the technology developed through blockchain which makes it easier to complete financial auditing (Voets, 2017) and digital transformation makes it easier to verify client documents or portfolios.

The workload does not affect it because it is related to the auditor's strength and focus in checking financial reports even though digital is available but does not have a significant impact. It is clearly known that excessive workload will determine the success of the validity of quality reports. This explains that the auditor's workload is providing the right data with good quality, the auditor is no longer able to provide suggestions and comments that clients need to improve the company's condition. (Heo et al., 2021; Suhayati, 2022). In this case, it is necessary to have appropriate policies used so that auditors are able to complete their tasks well, just as the legal process in China interacts with the audit process and the resulting risk of legal liability for the audit profession and reveals the complexity of the situation created by capital verification in China, auditors and non-auditors have different perceptions regarding the nature, value and commercial implications of capital verification (Lu et al., 2015).

This explanation emphasizes that digital economic transformation has had the impact of forcing changes in the role of professional accountants, professional auditor organizations provide the perception that all professional accountants are bound to change to equip themselves with the latest knowledge and technological developments that may be beyond their traditional methods of carrying out their duties and accountants must be ready. adapt and adopt new knowledge to be ready to stay in the future (Noor et al., 2021; Sabuncu, 2022). Thus, it can be seen that digital transformation in the accounting field has a positive and negative impact on the success of reporting disclosure. This research also emphasizes that technology cannot be separated from human resource capabilities, auditors must be able to explore themselves and integrate themselves to use rapidly developing technology, so that auditors are not affected by future times.

CLOSING

Conclusion

This research study confirms that the development of digital transformation is an interesting thing to study, according to the results of the research conducted it is clear that document verification has a positive effect on digital transformation, but workload does not have a positive effect on digital transformation. In this way, digital transformation is able to verify data precisely, with real time, portfolios and submitted documents can be checked more thoroughly.

The recommendation of this research is to further examine policies for using digital economic transformation, so that auditors do not experience failure in the future, this policy will determine the success and quality of existing finances in the company and auditors are able to reveal actual events.

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