



Firms' Perceptions towards the use of Information Technology in the Audit Process

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Abstract

The objective of this study is to study firms' perceptions towards the adoption of Information Technology in the Audit process. For this study, data has been collected through a questionnaire survey method from various 40 audit experts. For data analysis, descriptive statistics have been used. To check consistency regarding the respondent's opinion, the Coefficient of Variation (C.V.) has been administered. Results concluded that 60% of respondents agree that Management believes that IT has great potential for improvement for work efficiency and effectiveness in the audit process. In checking employees' perception towards the adoption of Information Technology in the Audit process 60% of employees believe that IT has great potential for improvement for work efficiency and effectiveness in the audit process. The opinion of managers and employees' perception of this variable has the same. Both believe that the use of Information Technology has improved work efficiency and effectiveness. Results found that 60% of respondents agree that the use of Information Technology in the audit process has a tool that helps in auditing work. Results also found advantages of the use of IT in audit process i.e. Makes audit tests faster, Makes audit quality better, Effective tool in doing a special audit, Reduce auditors workload, Minimize the cost of the audit.

Keywords: Audit, Information Technology, manager's perception, employee's perception.

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Introduction

An Information Technology (IT) audit is an audit of an organization's IT systems, management, operations, and related processes. An IT audit may be carried out in connection with a financial regularity audit or selective audit. As the records, services, and operations of many organizations are often highly computerized, there is a need to evaluate the IT controls in the course of an audit of these organizations. Many organizations are spending large amounts of money on IT because they recognize the tremendous benefits that IT can bring to their operations and services. However, they need to ensure that their IT systems are

reliable, secure and not vulnerable to computer attacks.

An information system (IS) audit or information technology (IT) audit is an examination of the controls within an entity's Information technology infrastructure. These reviews may be performed in conjunction with a financial statement audit, internal audit, or another form of attestation engagement. It is the process of collecting and evaluating evidence of an organization's information systems, practices, and operations. Obtained evidence evaluation can ensure whether the organization's information systems safeguard assets, maintains data integrity, and are operating effectively and efficiently to achieve the organization's goals or objectives. It has important to check managers' and employees' perceptions towards the adoption of Information Technology in the audit process because the current time the use of IT in audit has a very low. In this context, this study identifies managers and employees perception towards the adoption of Information Technology in the audit process and this study also identify the advantages of the adoption of Information Technology in the Audit process.

Review of Literature

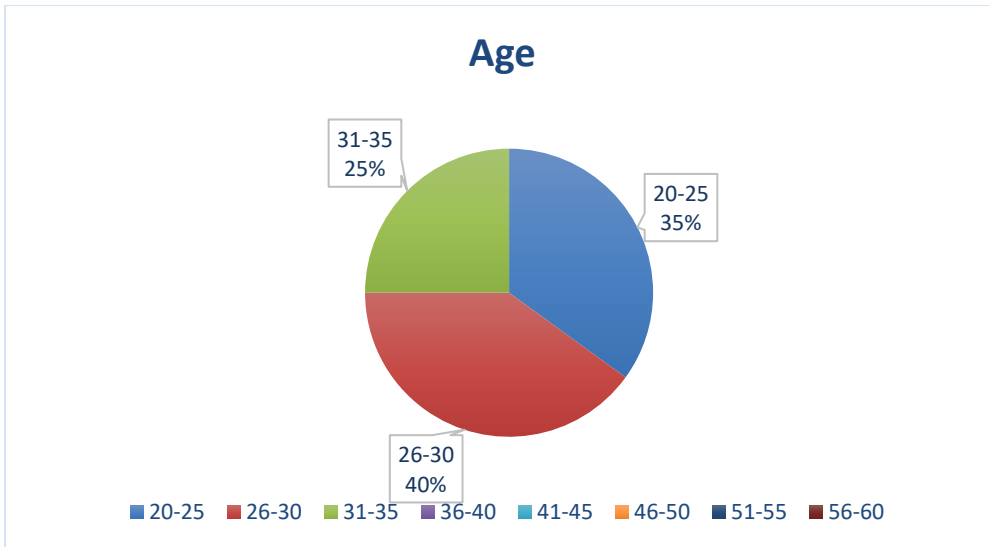
For the better understanding of Information Technology and it's used in Audit work. The following review of the literature has been done.

(Ahmi, *et. al*, 2014)¹ investigate the current IT adoption among internal auditors and to identify the factors that influence IT adoption or non-adoption. This study also highlights the importance of IT to auditors, especially in achieving audit effectiveness and efficiency. Indirectly it will enhance audit productivity that gives ultimate impact to the economy. (Ahmi, *et. al*, 2017)² paper examined the implementation of CAATTs by internal auditors in the public sector. They found that the implementation of CAATTs by internal auditors in the public sector is still low due to lack of expertise, high implementation, and maintenance cost, limited access to auditee's data, and most of them prefer to conduct the audit manually. (Ernest, 2015)³ provides detailed information about the concept of auditing to its relevance in a

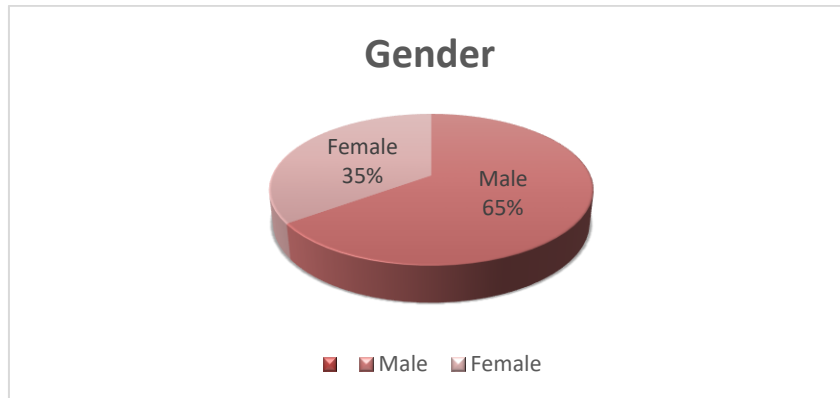


Demographic Profile of respondents

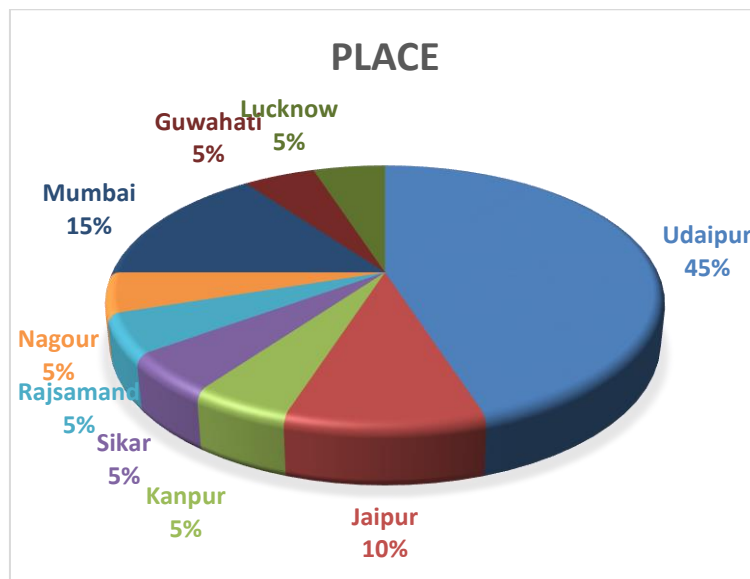
- Age**



- Gender**

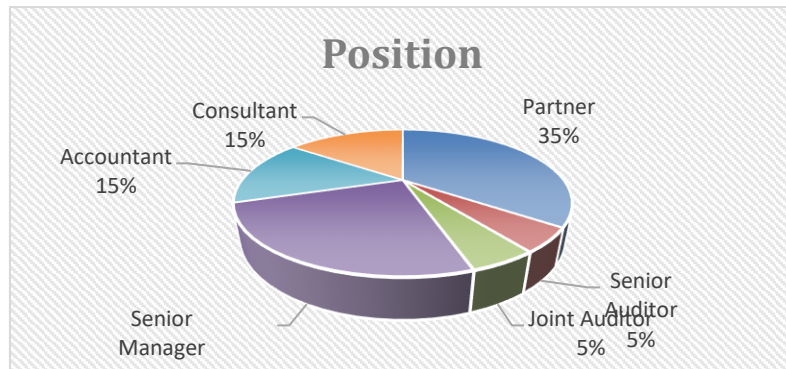


- Place**





• **Position**



Analysis and Discussion

- **Firms’ Managers perception/attitude towards the adoption of Information Technology in Audit Process**
The below table gives various managers perception lists, towards the adoption of Information Technology in the Audit Process. The responses of respondents are summarized in table no. 1.

Table 1: Managers Attitude towards the use of Information Technology in Audit.

	<i>No. of Respondents</i>	<i>Percentage</i>
As compared to the availability of the new technology, it is possible to say that the firm does not adopt new technology as much as it could introduce as a new approach for work efficiency and effectiveness	40	30
Management has the fear of the potential costs of adopting new technology	40	35
Management believes that IT has great potential for improvement for work efficiency and effectiveness	40	60
Management fail to budget for the education of the people who will be managing, operating, maintaining and using the new technologies	40	50
Management believes that employees must continually update themselves to the use of technology	40	45
Other Opinion	40	20
Total	40	

*Multiple answers are possible

Source: Own Calculation through Ms

Excel

Table no. 1 reveal that out of 40 respondents, 60% of respondents agree that Management believes that IT has great potential for improvement for work efficiency and effectiveness. The second majority in out of 40, 50% of respondents believe that Management fails to budget for the education of the people who will be managing, operating, maintaining and using the new technologies. The other 45% of respondents agree that Management believes that employees must continually update themselves to the use of technology. 35% of respondents agree in Management has the fear of the potential costs of adopting new technology. Only 30% of respondents agree in as compared to the availability of the new technology, it is possible to say that the firm does not adopt new technology as much as it could introduce as a new approach for work efficiency and effectiveness.

- **Firm’s Employees perception/attitude towards the adoption of Information Technology in the Audit Process**
The below table gives various employee perception lists, towards the adoption of Information Technology in the Audit Process. The responses of respondents are summarized in table no. 2.





	<i>No. of Respondents</i>	<i>Percentage</i>
As compared to the availability of the new technology, it is possible to say that the firm does not adopt new technology	40	20
employees have the fear of the potential disadvantages of adopting new technology like displacement, training, and maintenance	40	35
Employees believe that IT has great potential for improvement for work efficiency and effectiveness	40	60
Employees fear the adoption of new technology because of a lack of the required educational background	40	50
Employees believe that continually updating oneself to the use of technology	40	35
Total	40	

*Multiple answers are possible

Source: Own Calculation through Ms Excel

The above table no. 2 lists show Employees' or staffs attitudes towards the adoption of Information Technology in the audit process. Out of 40 Respondents, 60% of respondents consent that employees believe that IT has great potential for improvement for work efficiency and effectiveness. The second highest 50% of respondents believe that Employees has fear the adoption of new technology because of the lack of the required educational background. 35% of respondents agree that employees have the fear of the potential disadvantages of adopting new technology like displacement, training and maintenance and Employees believe that continually updating oneself to the use of technology. On the other hand, only 20% of respondents believe that as compared to the availability of the new technology, it is possible to say that the firm does not adopt new technology.

▪ **Utilization of IT techniques and special software for Audit work.**

The below table gives the opinion of respondents about the utilization of IT techniques and special software for Audit work. The responses of respondents are summarized in table no. 3.

	Percentage
Disturb the actual work	0
A tool for work	25
An unavoidable part of work	15
A tool that helps at work	60
Total	100

Source: Own Calculation through Ms Excel

The above table 3 reveals that, the opinion of respondents regarding the effect of utilization of IT techniques in work. Results reveal that out of 40 respondents, 60% of respondents believe that the use of information technology is a tool that helps at audit work. 25% of respondents believe that the utilization of IT is a tool for effective work. Only 15% of respondents agree that IT adoption has an unavoidable part of work.

▪ **Advantages of the adoption of Information Technology**

Table 4 lists various advantages of the use of Information Technology in the audit process. The responses of respondents are summarized in table no. 4.

	Mean	C.V.	Rank
Makes audit tests faster	4.15	15.95577	1
Makes audit quality better	4.05	16.72781	2
An effective tool for doing a special audit	4.05	14.74077	2
Reduce auditors workload	3.975	22.42003	3
Minimize cost of audit	3.75	16.81134	4

Source: Own Calculation through Ms Excel



The above table 4 presents various advantages of the use of Information Technology in audit work. To get the opinion of the respondents regarding their preference for various advantages, opinion has been collected through a questionnaire. Out of 5 advantages, respondents believe that auditors use IT in the audit process will make audit tests fast. It is evident by the highest mean score i.e. 4.15. The second most important advantage which that the use of IT in audit work makes audit quality better and IT audit is an effective tool for doing a special audit. It is evident by the second highest mean score i.e. 4.05. Respondents believe that the use of IT in the audit process has reduced auditors' workload. It is evident by the third-highest mean score i.e. 3.975. The last advantages and respondents believe that the use of IT in the audit process has minimized the cost of the audit. It is evident by the fourth highest mean score i.e. 3.75. Result also found there is no consistency regarding the respondent's opinion regarding the advantages of the use of Information Technology in the Audit Process. It is evident by the Coefficient of variance (C.V.) Based on the mean score, advantages of the use of Information technology in the audit process are identified-

- Makes audit tests faster
- Makes audit quality better
- An effective tool for doing a special audit
- Reduce auditors workload
- Minimize the cost of the audit

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