

THE IMPACT OF REMOTE AUDITING ON AUDIT QUALITY IN SRI LANKAN AUDIT FIRMS

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ABSTRACT

This study examines the impact of remote auditing on audit quality in audit firms in Sri Lanka, a shift accelerated by the COVID-19 pandemic. As traditional auditing methodologies were challenged during the pandemic, this research addresses firms adapted to remote auditing practices and the subsequent impact on audit quality. The study identified four independent variables: time pressure, challenges, digitalization, and work location. The dependent variable in this study was audit quality. Employing a quantitative research approach, primary data were collected through questionnaires distributed to 100 audit professionals across various firms in Sri Lanka. The analysis utilized Descriptive statistics, correlation analysis, and multiple regression analysis were conducted using the SPSS software, enabling a robust examination of the relationships between the proposed variables. Hypothesis testing reveals significant correlations between all four independent variables and audit quality. However, the regression analysis supported only two variables—time pressure and digitalization—which significantly impact audit quality. Based on these findings, this study highlights the critical need for external audit firms to invest in enhanced training programs and technology to equip auditors for remote work. Furthermore, it emphasizes the development of robust protocols to maintain high audit quality standards in remote environments. Overall, this study provides valuable insights and recommendations for improving audit practices in the evolving auditing landscape, particularly in the face of ongoing reliance on remote methodologies. Understanding these dynamics is essential for sustaining audit quality and performance as firms continue to navigate the post-pandemic environment.

Keywords: Audit quality, challenges, digitalization, remote auditing, time pressure