
OPTIMIZING AUDIT QUALITY THROUGH THE ROLE OF E-AUDIT, AUDIT FEES, AND TIME BUDGET PRESSURE IN PUBLIC ACCOUNTING FIRMS

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ABSTRACT

The advancement of technology in the auditing field has driven Public Accounting Firms (KAP) to adopt e-audit to enhance efficiency and accuracy in the audit process. Additionally, audit fees and time budget pressure are considered factors that may influence audit quality. However, the extent to which these factors impact audit quality remains a topic of debate. Therefore, this study aims to analyze the effect of e-audit, audit fees, and time budget pressure on audit quality in Public Accounting Firms. This study employs a quantitative method with data collected through questionnaires distributed to auditors in various Public Accounting Firms. The sample was selected using purposive sampling from 100 respondents, with criteria set by the author based on audit practice. The data was analyzed using Structural Equation Modeling (SEM) with SmartPLS version 4 to comprehensively examine the relationships between variables. The findings indicate that e-audit and time budget pressure have a positive and significant impact on audit quality, while audit fees do not have a significant effect. These results suggest that implementing audit technology enhances auditors' effectiveness, while well-managed time pressure improves productivity without compromising audit quality. Based on these findings, Public Accounting Firms are advised to optimize the use of e-audit and implement better time management strategies to maintain audit quality in dynamic work conditions.

Keywords: *E-Audit, Audit Fees, Time Budget Pressure, Audit Quality.*

INTRODUCTION

The rapid development of information technology has brought significant changes across various sectors, including accounting and auditing. In today's digital era, the use of electronic-based technology has become increasingly important in supporting the efficiency and effectiveness of the audit process. One of the most significant innovations is the implementation of e-audit, a technology-based audit method that enables auditors to examine data electronically, collect audit evidence, and analyze data more quickly and accurately. According to Qurba (2020), e-audit can accelerate data collection and analysis, enhance accuracy, and reduce the potential for manual errors in financial reporting.

The implementation of e-audit is also supported by various software tools such as ATLAS (Audit Technology Leveraging Automated Solutions), IDEA, and Teammate+, which assist auditors in detecting data anomalies, processing large datasets (big data), and producing transparent and accountable financial reports (Wardani & Nugraheni, 2021). However, the use

of these technologies still faces challenges, particularly for small to medium-sized public accounting firms (PAFs) that may have limited resources for training and technological infrastructure (Wardani & Nugraheni, 2021).

In addition to technology, internal factors such as audit fees and time budget pressure also influence audit quality. Audit fees, which refer to the compensation paid by clients to auditors, are a crucial aspect that can boost auditors' motivation to perform their duties professionally. Hidayati and Djamil (2024) explain that low audit fees may threaten auditor independence, as auditors might overlook certain audit procedures to cut costs. On the other hand, adequate audit fees allow auditors to allocate sufficient resources, including time and expert personnel, to improve the quality of the audit.

Meanwhile, time budget pressure is another challenge commonly faced in audit practices. Auditors are often required to complete audits within tight deadlines, which can lead to the omission of critical procedures to meet time constraints. Research by Rahman Reza Zaputra and Marlina (2022) indicates that high time pressure can reduce audit quality, as auditors might take shortcuts or reduce the extent of audit evidence testing required.

This phenomenon is reflected in several major cases, such as the Wirecard AG scandal in 2020. In this case, despite Ernst & Young (EY) utilizing advanced e-audit technology, pressure to complete the audit on time and a lack of professional skepticism resulted in the oversight of significant findings, including the embezzlement of €1.9 billion (Nugroho, 2023). A similar case occurred in Indonesia, involving Asuransi Jiwa Adisarana Wanaartha (Wanaartha Life), where undetected financial statement manipulation caused significant losses for policyholders and damaged the reputation of the accounting industry in Indonesia (Mayasari & Trisnaningsih, 2023).

Several previous studies support these findings. Research by Setiawan et al. (2022) shows that the implementation of e-audit can enhance audit efficiency and effectiveness, particularly in detecting anomalies and material misstatements. Meanwhile, a study by Sektor et al. (2023) found that higher audit fees have a positive correlation with audit quality, as auditors have more resources to carry out their tasks thoroughly. On the other hand, research by Tagal and Sinaga (2022) states that excessive time pressure can reduce auditors' thoroughness, negatively affecting the quality of the resulting audit reports.

In the Indonesian context, the importance of maintaining audit quality has been

regulated by various policies, such as the Ministry of Finance Regulation (PMK) Number 186 of 2021. This regulation aims to improve compliance with regulations among public accountants and Public Accounting Firms (PAFs). It emphasizes the importance of transparency, integrity, and accountability in audit practices, with the expectation of enhancing public trust in the auditing profession (Nugraha & Adityawan, 2021).

Given the importance of e-audit, audit fees, and time budget pressure in determining audit quality, this study aims to analyze the influence of these three factors on audit quality in Public Accounting Firms. This research is expected to contribute to the growing literature in the field of auditing while serving as a practical reference for auditors and Public Accounting Firms in facing the increasingly complex challenges of the digital era.

LITERATURE REVIEW

Theory of Planned Behavior (TPB)

This research is based on the Theory of Planned Behavior (TPB), developed by Icek Ajzen in 1985. This theory explains that individual behavior is influenced by three main factors: attitude toward the behavior, subjective norm, and perceived behavioral control. In the context of auditing, TPB helps explain how auditors make decisions based on their attitudes toward using audit technology, social perceptions from colleagues, and their perceived ability to control the audit process itself (Puruwita et al., 2024). Auditors with a positive attitude toward using audit technology are more likely to implement e-audit in their work. A supportive work environment—such as favorable regulations and client expectations—helps shape subjective norms. Meanwhile, auditors' perceptions of control over their work, including technical skills and access to resources, determine how effectively technology can be used to improve audit quality.

E-Audit

E-audit refers to a technology-based audit process that uses specialized software to collect, process, and analyze data electronically (Priscilla & Arsjah, 2024). This technology enables auditors to conduct audits more efficiently, speed up data collection, and improve the accuracy of financial reports. According to Setiawan et al. (2022), the use of technology-based audit applications such as ATLAS, IDEA, and Teammate+ can help detect anomalies more

quickly. E-Audit Indicators (Akbar & Fitriyah, 2024):

- Utilization of audit technology
- Data security
- Auditor skills in using audit software
- System integration with company data
- Quality of the generated data

The use of e-audit is considered effective in enhancing audit efficiency, particularly in processing big data and detecting potential fraud at an early stage.

Audit Fee

An audit fee refers to the financial compensation received by auditors from clients for audit services provided. This compensation can influence audit quality, as adequately paid auditors are more motivated to perform their duties professionally (Hidayati & Djamil, 2024). On the other hand, excessively low audit fees may trigger conflicts of interest and compromise auditor independence. Audit Fee Indicators (Sampul et al., 2020):

- Audit risk
- Complexity of audit services
- Auditor competence
- Cost structure of Public Accounting Firms (PAF)

Previous research by Sektor et al. (2023) found that higher audit fees positively correlate with audit quality, as auditors can allocate more resources, including time and expert personnel.

Time Budget Pressure

Time budget pressure refers to the pressure auditors feel to complete the audit within a predetermined time frame. According to Zaputra & Marlina (2022), excessive time pressure can negatively affect audit quality, as auditors may reduce testing procedures or skip critical steps to meet deadlines.

Time Budget Pressure Indicators:

- Auditor's understanding of time pressure
- Auditor's responsibility to complete tasks on time

- Performance evaluation based on timely completion of tasks

Research by Tagal & Sinaga (2022) indicates that high time pressure can reduce audit quality, especially when auditors must complete their work within strict deadlines without considering the depth of testing required.

Audit Quality

Audit quality is defined as the reliability level of audited financial reports, which stakeholders can trust when making decisions. According to De Angelo (1981), audit quality includes the auditor's ability to detect and report significant errors or misstatements in clients' financial reports.

Audit Quality Indicators (Sektor et al., 2023):

- Detection of material errors or misstatements in financial statements
- Compliance with accounting standards and professional ethical codes
- Auditor independence in carrying out duties

Research by Anam et al. (2021) emphasizes that audit quality is influenced not only by the auditor's competence and integrity but also by time pressure and the level of risk faced during the audit process.

RESEARCH METHODS

This study employs a quantitative approach with the aim of analyzing the influence of e-audit, audit fees, and time budget pressure on audit quality in Public Accounting Firms (PAF). The research was conducted by distributing questionnaires to auditors working at various PAFs, using a purposive sampling technique to select respondents who meet the research criteria, such as auditors with a minimum of one year of auditing experience. The data collected comes from primary sources through questionnaires distributed both directly and online.

The population of this study consists of all auditors working at PAFs in the Palembang area, while the sample includes 100 respondents who meet the research criteria. The data analysis technique used is Structural Equation Modeling (SEM) based on Partial Least Squares (PLS), assisted by SmartPLS version 4.0 software. This method allows for a comprehensive analysis of the relationships between variables. The analytical model

includes tests for instrument validity and reliability, measurement model testing (outer model), and structural model testing (inner model) to assess the research hypotheses.

The variables used in this study consist of three independent variables: e-audit (X1), audit fee (X2), and time budget pressure (X3), as well as one dependent variable: audit quality (Y). The variables are measured using a five-point Likert scale, ranging from "strongly disagree" to "strongly agree." The analysis is conducted to measure both the direct and indirect effects of the three independent variables on the audit quality produced by auditors in PAFs. This research is expected to provide practical contributions to enhancing audit efficiency and the quality of financial reports produced by auditors in today's digital era.

RESULTS OF RESEARCH AND DISCUSSION

The Influence of E-Audit on Audit Quality

The results of this study support the first hypothesis, which states that there is a significant influence of E-Audit on Audit Quality. The relationship between E-Audit and audit quality is both positive and significant, as indicated by a significance value of less than 0.05 ($0.003 < 0.05$). Based on the findings, the influence of E-Audit is a direct and supportive factor in enhancing the quality of the audit process. These results are consistent with the Technology Acceptance Model (TAM), which suggests that auditors must effectively implement e-audit by developing a solid understanding of the technology, ultimately leading to improved audit quality.

This study's findings are also in line with previous research conducted by Diponegoro Dzikron (2021) and T. V. Priscilla & Arsjah (2024), both of which concluded that E-Audit has a significant positive effect on audit quality.

The Influence of Audit Fee on Audit Quality

The results of this study do not support the second hypothesis, which states that there is an influence of Audit Fee on Audit Quality. The relationship between audit fee and audit quality is found to be insignificant, as indicated by a significance value greater than 0.05 ($0.061 > 0.05$). Based on the findings, audit fees do not have a significant impact on audit quality in Public Accounting Firms (PAFs). Although, in theory, higher audit fees are

expected to enhance audit quality by providing more resources and enabling a more thorough application of audit methods, these findings suggest that other factors may play a more dominant role in determining audit quality.

Another factor that may explain this result is the potential for unavoidable conflicts of interest, even with higher audit fees. According to the Theory of Planned Behavior (TPB), an auditor's attitude toward audit fees reflects whether they believe higher or lower fees will influence their performance. Auditors who receive higher audit fees may feel pressured to satisfy their clients, potentially compromising their independence and objectivity.

These findings are consistent with previous studies conducted by Suryadi Putro Rio Prabowo (2021) and Hidayati & Djamil (2024), both of which concluded that audit fees have no significant effect on audit quality.

The Influence of Time Budget Pressure on Audit Quality

The results of this study support the third hypothesis, which states that there is an influence of Time Budget Pressure on Audit Quality. The relationship between time budget pressure and audit quality is found to be positive and significant, as indicated by a significance value smaller than 0.05 ($0.003 < 0.05$). According to the Theory of Planned Behavior (TPB) which considers attitudes, subjective norms, and perceived behavioral control time budget pressure can influence an auditor's intention to maintain or even improve audit quality. Based on the questionnaire data, auditors who feel supported by professional norms and have good control over their time management remain committed to adhering to strict and thorough audit procedures, even under time pressure.

These findings align with previous research conducted by Novarina Yushal et al. (2024) and Hakim et al. (2023), both of which concluded that time budget pressure has a positive influence on audit quality.

CONCLUSIONS AND ADVICE

Conclusions

The overall results of this study can be summarized as follows:

1. E-Audit has a positive and significant influence on audit quality in Public Accounting Firms. The use of technology allows auditors to work more efficiently, with faster data

access and more accurate analysis, thereby enhancing audit quality.

2. Audit Fee does not have a significant influence on audit quality. Although higher fees can provide additional resources, factors such as the auditor's integrity and professionalism play a more dominant role in determining audit quality.
3. Time Budget Pressure has a positive and significant influence on audit quality. Properly managed time pressure can push auditors to work with greater focus, ultimately improving audit quality.

Recommendations

Based on the conclusions drawn from this study, several recommendations can be proposed. For auditors, it is important to focus on factors such as e-audit and time budget pressure, which can significantly influence audit quality. Enforcing discipline in completing audit procedures within the allocated time is essential, for example, by applying penalties for exceeding deadlines or offering rewards for auditors who complete tasks ahead of schedule. For companies, careful consideration should be given when selecting auditors for financial statement audits, ensuring that they possess the necessary competence and credibility to guarantee high-quality audit outcomes. Future researchers are encouraged to explore additional variables, such as workload, audit tenure, auditor rotation, or the expansion level of public accounting firms. Conducting research in different sectors may also provide broader insights into the factors that affect audit quality.

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