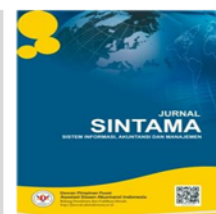




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The Impact of the Implementation of the Latest Auditing Standards on the Quality of Financial Statements

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis dampak penerapan standar audit terkini terhadap kualitas laporan keuangan. Penelitian ini menerapkan pendekatan penelitian kualitatif dalam penulisan kami. Metode analisis yang kami terapkan adalah studi pustaka yang menganalisis isi artikel dari sumber berbasis daring, seperti Google Scholar. Kami mengumpulkan dan mengolah data ini dari abstrak jurnal yang mencakup informasi tentang penulis, tahun penerbitan jurnal, deskripsi singkat penelitian, tujuan penelitian, sampel yang digunakan, dan hasil pengukuran atau temuan yang terdapat dalam artikel. Dari hasil penelitian tersebut, dapat disimpulkan bahwa penerapan standar audit terkini berdampak positif terhadap kualitas laporan keuangan. Faktor-faktor seperti kualitas audit, independensi auditor, pengalaman auditor, dan struktur audit juga berperan penting dalam membentuk kualitas laporan keuangan. Oleh karena itu, auditor dan kantor akuntan publik perlu menjaga independensi, meningkatkan kualitas audit, dan mengikuti perkembangan standar audit terkini untuk memastikan kualitas laporan keuangan yang optimal.

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This study aims to analyze the impact of the implementation of the latest auditing standards on the quality of financial statements. The latest auditing standards refer to the guidelines and procedures applied by auditors in conducting audits of an entity's financial statements. This research applies a qualitative research approach in our writing. The method of analysis we apply is a literature study that analyzes the content of articles from online-based sources, such as Google Scholar. We collected and processed this data from journal abstracts that included information about the author, year of journal publication, a brief description of the research, research objectives, samples used, and measurement results or findings found in the article. From the results of these studies, it can be concluded that the implementation of the latest auditing standards has a positive impact on the quality of financial statements. Factors such as audit quality, auditor independence, auditor experience, and audit structure also play an important role in shaping the quality of financial statements. Therefore, auditors and public accounting firms need to maintain independence, improve audit quality, and keep abreast of the latest audit standards to ensure optimal financial statement quality.

1. INTRODUCTION

In the industrial world now financial reports have a function that is quite important for the company. For decision makers such as company leaders and internal parties financial reports have a very important function. Depending on the conditions that occur, financial reports can be used by internal parties to handle events that occur (Panjaitan et al, 2014). Likewise with external parties of the company who use the company's financial statements to assess a company, for that reason the financial statements must have good quality. So that the financial statements in the company can be more trusted by external and internal parties, the financial statements can be audited by external auditors, this is because external auditors are more independent than internal auditors (Rahman et al, 2018). The audit of the financial statements itself is carried out to determine whether the overall financial statements including the information contained therein can be stated in accordance with the predetermined criteria or not (Jusup, 2014)¹.

Users of audited financial statements expect the audited financial statements to be free from material errors, so that the report can be trusted so that it can be used as a basis for making the right decisions, this report is also expected to be in accordance with the rules of accounting rules in Indonesia. To determine the fairness of the financial statements provided by management, therefore, an independent professional service is needed that can objectively assess which in this case is a public accountant. The quality of the audit is important because the higher the quality produced, the more reliable the financial statements will be in decision making (Panjaitan et al, 2014). Independent auditors must be able to ensure that the audits carried out are of high quality in order to produce quality audit reports as well.

Financial statements are one of the important instruments in presenting a company's financial information to stakeholders. The quality of the report Good financial reporting is the key to understanding the company's financial condition objectively and reliably. Therefore, it is important to evaluate the impact of the implementation of the latest audit standards on the quality of financial statements².

This study aims to analyze the impact of the implementation of the latest auditing standards on the quality of financial statements. The latest auditing standards refer to the guidelines and procedures applied by auditors in conducting audits of an entity's financial statements. The quality of financial statements is an important factor in assessing the financial performance of an entity. Quality financial statements will provide accurate, relevant and reliable information to users of financial statements, such as investors, creditors and other interested parties.

The implementation of the latest auditing standards can have a significant impact on the quality of financial statements. Well-implemented auditing standards will ensure that audits are conducted professionally, objectively, and independently. This will increase the confidence of users of financial statements in the information presented in the financial statements. In this study, it will be analyzed how the implementation of the latest audit standards affects the quality of financial statements. The factors to be studied include audit quality, auditor independence, auditor experience, audit structure, and other factors that can affect the quality of financial statements. By understanding the impact of the implementation of the latest auditing standards on the quality of financial statements, this study is expected to provide useful insights and recommendations for practitioners, regulators, and interested parties in improving the quality of financial statements.

2. LITERATURE REVIEW

The results of student work not. Latest Auditing Standards:

The latest auditing standards are guidelines and procedures used by auditors to evaluate and audit financial statements. The goal is to create a framework that complies with applicable accounting principles and can accommodate changes in the business environment as well as technological developments. It also emphasizes transparency, accountability, and quality of financial statements. Implementation of the latest auditing standards is important to address the changing dynamics of business and technology. By ensuring audit practices remain relevant, these standards assist auditors in preparing financial statements that meet ethical accounting standards. In this context, the latest auditing standards are the foundation that supports the reliability of the audit process and business sustainability.

Quality of Financial Statements:

The quality of financial statements reflects the level of accuracy, relevance, and reliability of financial information. Factors such as compliance with accounting standards, appropriate disclosures, and consistent interpretation of accounting policies contribute to the quality of financial statements.

Complete and appropriate disclosures provide clear and comprehensive information to stakeholders. In addition, consistent interpretation of accounting policies ensures regularity and cohesiveness in the presentation of information.

The Impact of the Implementation of the Latest Auditing Standards on the Quality of Financial Statements:

The implementation of the latest auditing standards has a significant impact on the quality of a company's financial statements. Changes in auditing standards may include measurement methods, revenue recognition, production cost recognition, inventory measurement, and disclosure of risks related to production and measurement methods, new auditing standards may introduce or modify approaches that affect the accuracy of asset and liability valuations. Revenue recognition may experience changes in timing of recognition or recognition criteria. Changes in the recognition of production costs affect the way companies calculate and report costs. Inventory measurement may change, and risk disclosures may become more detailed. Thus, the impact of the implementation of the latest auditing standards requires adjustments in the auditing process and the preparation of financial statements. This is done to ensure that the financial statements remain of high quality and provide accurate and relevant information to stakeholders.

Overview

Research conducted by Rizqy Alfya Puteri in 2019 entitled "The effect of independent commissioners, institutional ownership, audit committee, company size and leverage on the integrity of financial statements of LQ 45 companies for the period 2013-2017." This study aims to examine the effect of independent commissioners, institutional ownership, company size, audit committee and leverage on the integrity of financial statements. The sample used in this study were LQ 45 companies listed on the IDX for the period 2013-2017. The research method uses multiple linear analysis. The results showed that independent commissioners and institutional ownership have a significant effect on the integrity of financial statements, while the audit committee, company size and leverage have no effect on the integrity of financial statements.

Research conducted by Shabrina Rahutami Nur Amalia entitled "the influence of internal auditors on financial reporting at rural banks in Central Java". This study aims to examine the effect of internal auditors on the quality of financial reporting. The sample used was 96 BPR

samples and there were 49 questionnaires returned. The method used is logistic regression. The results of this study indicate that internal auditors affect the quality of financial reporting. Coordination

Research conducted by Badewin in 2019 entitled "The effect of institutional ownership, audit committee, and audit quality on the integrity of financial statements in manufacturing companies listed on the IDX." This study aims to test whether institutional ownership, audit committee, and quality. Research conducted by Pancawati Hardiningsih in 2010 entitled "The effect of independence, corporate governance, and audit quality on the integrity of financial statements". This study aims to test whether auditor independence, managerial ownership, audit committee, independent commissioner, board size and institutional ownership affect the integrity of financial statements. The research sample is 81 companies on the IDX for the period 2003-2008. The results showed that managerial ownership affects the integrity of financial statements, while auditor independence, audit committee, independent commissioners, board size and institutional ownership have no effect on the integrity of financial statements.

3. RESEARCH METHODOLOGY

This study applies a qualitative research approach in our writing. The method of analysis we applied was a literature study that analyzed the content of articles from online-based sources, such as Google Scholar. We collected and processed this data from journal abstracts that included information about the author, year of journal publication, a brief description of the research, the purpose of the research, the sample used, and the measurement results or findings found in the article.

4. RESULT AND DISCUSSION

Empirical research in the field of audit accounting and internal control has contributed significantly to our understanding of the factors that affect audit quality and financial statement information. In this context, research conducted by several researchers throughout 2019 to 2020 discussed the effect of various variables, such as audit tenure, auditor independence, application of International Standards on Auditing (ISA), and sharia auditing standards, on the quality of the audit process and financial statement information. One interesting study was conducted by Septiani, Nurul Wahyu in 2019. This study focuses on analyzing the effect of the latest audit tenure standards on audit report lag, with auditor industry specialization as a moderating variable. The results of this study indicate that audit tenure has a negative effect on audit report lag. Companies audited by public accounting firms with long tenure tend to have better knowledge of the characteristics, business operations, and accounting systems of client companies. In addition, auditor industry specialization is not proven to strengthen the negative effect between audit tenure and audit report lag.

Another study conducted by Pratistha, K. Dwiyani Widhiyani, Ni Luh Sari (2020) regarding the effect of auditor independence and the amount of audit fees on the quality of the audit process states that auditor independence and the amount of audit fees simultaneously and partially have a positive and significant effect on the quality of the audit process. The recommendation from this study is that auditors and public accounting firms can maintain and maintain independence, and not rely too much on the amount of audit fees to ensure the quality of the audit process. The application of International Standards on Auditing (ISA) is also the focus of research by Setibudi, A (2020). The results of this study indicate that the implementation of ISA has a significant effect on audit quality. In the context of your research entitled "The Impact of the Implementation of the Latest Auditing Standards on the Quality of Financial

Statements," these results may indicate that the implementation of the latest auditing standards, which includes the proper application of ISAs, can have a positive impact on the quality of financial statements.

In addition, research by Fikri, M. Ali, Inapty, Biana Adha Martiningsih, RR. Sri Pancawati (2020) on the application of government audit standards, apparatus competence, the role of auditing, and the role of audit internal, and internal control systems as factors affecting the quality of financial statement information can provide further perspective regarding additional factors that may need to be considered in the implementation of the latest auditing standards. By summarizing the results of these studies, this research, which focuses on the impact of the implementation of the latest auditing standards on financial statement quality, can enrich our understanding of how audit practices and standards implementation can interact with each other to improve the quality of financial statement information. This study is in line with previous findings that suggest that variables such as audit tenure, auditor independence, ISA implementation, and Islamic auditing standards have an important role in shaping audit quality and financial statement information.

Discussion

Implementation of the Latest Auditing Standards

The implementation of the latest auditing standards has a significant impact on audit practices and the quality of financial statements. The results of research by Setibudi, A (2020) show that the application of International Standards on Auditing (ISA) has a significant effect on audit quality. Therefore, it can be concluded that auditors who apply the latest auditing standards properly can improve the quality of financial statements. The application of ISA includes technical aspects of auditors, professional education, and auditor independence in maintaining their mental attitude.

Audit Quality

Audit quality plays a central role in determining the quality of financial statements. Septiani's research, Nurul Wahyu (2019) shows that audit tenure, especially in public accounting firms with long tenure, can increase the efficiency of time in completing audits. This means that auditors who work with companies for a long period of time have in-depth knowledge of the characteristics, business operations, and accounting systems of client companies. This then contributes positively to the quality of financial statements.

Auditor Independence

Auditor independence is a critical factor in assessing the quality of financial statements. Pratistha, K. Dwiyani Widhiyani, Ni Luh Sari (2020) found that auditor independence has a positive and significant effect on the quality of the audit process. Therefore, to maintain the quality of financial statements, auditors and public accounting firms need to maintain their independence and not depend too much on the amount of audit fees.

Auditor Experience

Auditor experience also plays a crucial role in ensuring the quality of financial statements. Research by Setibudi, A (2020) and other studies show that auditors who have higher experience tend to provide quality service results. Auditors' experience helps them understand their clients' financial conditions and financial statements, and reduces the risk of audit failure.

Audit Structure

The audit structure includes the application of government audit standards, apparatus competence, the role of internal audit, and the internal control system. Although research by Fikri, M. Ali, Inapty, Biana AdhaMartiningsih, RR. Sri Pancawati (2020) shows that these factors have no effect on the quality of financial statement information, however, it can be argued that a good audit structure can help in optimizing the quality of financial statements.

Other Factors Affecting the Quality of Financial Statements

In addition to the above factors, this study also highlights the existence of other factors that can affect the quality of financial statements. In this context, factors such as Islamic work ethic, Islamic accounting standards, and certain business environment factors also need to be considered in the analysis of financial statement quality.

5. CONCLUSION

From the results of these studies, it can be concluded that the implementation of the latest auditing standards has a positive impact on the quality of financial statements. Factors such as audit quality, auditor independence, auditor experience, and audit structure also play an important role in shaping the quality of financial statements. Therefore, auditors and public accounting firms need to maintain independence, improve audit quality, and keep abreast of the latest audit standards to ensure optimal financial statement quality. In addition, an understanding of business environment factors and ethical values, such as the Islamic work ethic, also needs to be deepened to enhance the analysis of financial statement quality in various business contexts.

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