

Auditors' Perspective of Audit Quality during the COVID-19 Pandemic: Evidence from the United Arab Emirates

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Abstract: During the coronavirus disease 2019 (COVID-19) pandemic, external auditors have faced unforeseen logistical challenges as they had to audit financial statements remotely. Definitively, the new circumstances had various impacts on audit quality. This study explores the effect of social distancing owing to the COVID-19 outbreak on the quality of financial audits in the United Arab Emirates. To this end, we conducted 11 semi-structured interviews with audit partners and directors from BIG 4 audit firms. The findings from the content analysis of these interviews show that during the pandemic, external auditors faced different challenges in maintaining the quality of financial audits. Indeed, the lockdown imposed by the pandemic has largely affected materiality and risk assessments, audit procedures and collection of evidence, and auditors' performance and efficiency efforts. It also increased cyber risk. These conclusions stress the importance of investing in blockchain and artificial intelligence to resolve similar challenges in the future. Blockchain technology would, in fact, be an ultimate solution in similar circumstances as it permits enhancing the efficiency and adaptability of communication between auditors and auditee firms, which can in turn promote the quality of the financial reporting and audit.

Keywords: audit quality, BIG 4, COVID-19, external auditors, United Arab Emirates.

Article info: Received 7 June 2022 | revised 1 July 2022 | accepted 8 September 2022

Recommended citation: Grassa, R., Obaidalla, I., & Hamza, M. (2022). Auditors' Perspective of Audit Quality during the COVID-19 Pandemic: Evidence from the United Arab Emirates. *Indonesian Journal of Sustainability Accounting and Management*, 6(2), 302–313. <https://doi.org/10.28992/ijSAM.v6i2.623>

INTRODUCTION

The unexpected situation, caused by the Covid-19 pandemic, has disturbed the assurance profession worldwide (Goodell, 2020; Levy, 2020; Odoemelam et al., 2020; Ratnamiasih et al., 2022). Many governments have imposed compulsory lockdown actions to limit the spread of the virus. People had to work from home. Auditors were not able to visit clients and had to audit firms' financial statements remotely (ACCA, 2020). Within these circumstances, auditors were not able to perform their work as required, which raises a question on the quality of the audit (Levy, 2020). Poor auditing practices might put firms at risk of losing the trust of investors (Gerged et al., 2020; Lievia & Herusetya, 2022). External auditors have faced unparalleled logistical difficulties during the pandemic. However, these unforeseen circumstances presented an opportunity for the auditors to develop new audit practices.



Few studies have discussed Covid-19's effect on the quality of the financial audits during the pandemic. Albitar et al. (2020) argues that the consequences of the Covid-19 pandemic are challenging for both auditors and auditee firms. Indeed, the social distancing, imposed by the pandemic, has had a large effect on audit human capital, audit fees, audit personnel salaries, audit procedures and going concerns about assessments. Eventually, these will pose a severe impact on audit quality. Levy (2020) argues that due to the pandemic, risk of material misstatement is supposed to be higher with respect to subsequent events. As well as auditors' subsequent events review procedures would require to be more extensive and robust. Martinelli et al. (2020) highlights the new responsibilities imposed by the Covid-19 circumstances, on internal auditors, such as considering their annual audit plans and communicating with stakeholders to take any necessary triage actions. Hay et al. (2022) expects reforms to the assurance service to take place, with regard to non-audit services, reports on inspections of auditors and more reporting on going concern issues by directors, followed by increased responsibility for auditors. Hazaea et al. (2022) confirms empirically the negative impact of the pandemic on audit quality in the Yemeni and Saudi contexts due to the devastating effect of the pandemic on audit fees, audit procedures, and audit staff salaries.

Most of the existing studies on the effect of covid-19 on audit quality are conceptual (e.g., Albitar et al., 2020; Hay et al., 2022; Gong et al. 2022). So far, only a few papers explore empirically the consequences of the Covid-19 outbreak on the quality of financial audits (e.g., Hazaea et al., 2022). Therefore, our paper tries to fill this research gap and extends the scope of previous studies by exploring empirically the impact of the Covid-19 pandemic on the quality of financial audit in the United Arab Emirates (UAE). More precisely, this paper discusses the effect of Covid-19 outbreak on audit engagement and audit procedure.

In the research, we are interested in the UAE context for three main reasons. First, the UAE is an important emerging economy where many international and large regional firms operate in the local market. The economic turbulences and markets uncertainty, caused by the Covid-19 outbreak, have affected investors' confidence in companies' financial performance and, consequently, may lead to several financial distresses (KPMG, 2020). Therefore, external independent auditors face unprecedented practical challenges in ensuring the quality of audit process to maintain shareholders' confidence in the information reported in the companies' financial statements. Second, the UAE has a very developed information technology and communication infrastructure. Indeed, according to the UN E-Government Survey 2020, the UAE has been ranked first in the Arab region and seventh globally in the Telecommunication Infrastructure Index. We expect that the advanced information technology environment will help external auditors to perform their duties during their audit engagements and, despite the imposed remote working conditions, to maintain the quality of their audits. Third, the Accountants and Auditors Association in the UAE developed a detailed guideline on financial reporting requirements that auditors must take into consideration regarding the effect of covid-19 outbreak. The guideline discussed key business areas in relation to financial reporting and disclosure issues to be considered by auditors and arising from the COVID-19 outbreak. The guideline highlights also important accounting considerations for several vital sectors in the UAE economy such as Energy Industry (Oil & Gas, and Utilities), Banks and Financial Services Industry, Insurance Industry, Retail Industry, Construction Industry, Real Estate Industry and Manufacturing Industry.

We conducted eleven detailed semi-structured interviews to collect the data. We interviewed audit partners and directors from the Big 4 audit firms. The findings show that. First, the new work conditions, imposed by the pandemic, raised new challenges during the audit engagement. Second, audit procedures and materiality have been revised according to the clients' business conditions. Third, for most of the clients, audit reports have either been modified or given an emphasis to reflect either the ongoing concerns of the current situation or the

inability to obtain certain documents from clients. Fourth, new best practices have been developed to maintain the quality of audit reports and the efficiency of the audit team. Fifth, Covid-19 has presented the audit team with many advantages and disadvantages. Sixth, there is a real need to implement blockchain technology to maintain the quality of audit reports in similar circumstances.

Our findings have several implications for policymakers, professional bodies, assurance services practitioners and the user of the audit report. First, financial report users should anticipate changes in the level of auditor assurance as auditor opinion will report many concerns regarding unverified audit procedure and the scope limitation. Second, this study provides early evidence of the impact of COVID-19 on financial audit service and predicts some important changes to the auditing procedure and the more dependence on technology. Indeed, government and professional bodies should develop ways to encourage the use of technology in financial audit engagement; this would enable the auditors to use all audit procedures remotely and virtually, to collect necessary audit evidence. Third, The International Auditing and Assurance Standards Board (IAASB) must reshape the scope of the financial audit, give more responsibility to the auditor with regard the opinion on the financial report, the liability of auditors regarding reporting on internal control, more responsibility for fraud and changes to corporate governance; and develop prudential audit framework that can be used in future emergencies or potential crisis situations.

Our study has mainly made three contributions to the existing research on financial audit and assurance services. First, this paper is among the few empirical studies to provide evidence on the auditors' experiences in performing audit engagements during the pandemic. Second, this paper is among the few papers discussing audit quality in the UAE context, an important emerging market in the MENA region characterized by a booming petrodollar economy. Third, this paper provides robust evidence from high level of professional (partners and directors) from Big 4 audit firms on audit quality and audit engagement during the pandemic, which contribute to the corporate assurance literature.

METHODS

For this paper, we employ an exploratory qualitative method. Therefore, we design semi-structured interviews to collect detailed information on the interviewees' perception (Patton, 2002). Our semi-structured interviews include a set of open questions on specified themes (Appendix 1) This approach allows us to collect more detailed responses (Patton, 2002; Alvesson, 2003; Qu & Dumay, 2011). Furthermore, we refer to some published documents by the BIG 4 audit firms regarding the effect of the Covid-19 global pandemic on the quality of the assurance service.

We collect our data by interviewing auditors. Before we interviewed the auditors, we analyzed documents (for example, published documents, speeches, websites information) to elaborate on the questions for our research. Due to the Covid-19 pandemic restrictions, we could not conduct face-to-face interviews and, therefore, we chose online interviews using Zoom technology. When compared to face-to-face interviews, online interviews present several advantages since these are more cost and time efficient. Moreover, the scheduling of interviews is much easier and, by interacting online, the interviewees express their opinions with more freedom. However, we confronted some challenges during some interviews as we faced technical issues like internet connectivity problems.

Our interviewees are partners and directors from BIG 4 audit firms. We conducted the interviews individually, recorded them and then transcribed them in their entirety. According to Hlady Rispal (2002), it is not possible to fix and prioritize the sample size in a qualitative study since it depends on several criteria such as variety,

the theoretical representation, balance, research prospective and the objective of the research study. For this paper, we used the basis of theoretical saturation to determine the number of interviews to be conducted. In other words, we concluded our interviews when respondents' answers did not provide additional information (Creswell, 2011).

Our sample consists of nine audit Partners and two audit directors working in Big 4 audit firms in the UAE. Most Partners and directors have more than 20 years of experience in the assurance services (We collected the data during 2021). We conducted the interviews with audit Partners and audit Directors because they are the guarantors of the audit quality provided and they are the signatories of the financial statements. Their role consists of supervising audits with a critical approach, putting the network approach and even taking decisions in respect of critical and unusual situations such as, for instance, the Covid-19 pandemic-imposed situation. For that reason, their answers give precise and detailed images of their perceptions of the quality of financial audit in the time of the Covid-19 pandemic. In addition, Partners are responsible to supervise the audit engagement quality (IFAC, 2007) and to provide opinions about the fairness of the financial statements. Our interviews took from 55 minutes to 1hour 35 minutes. Table 1 describes our interviewees.

Table 1 Characteristics of Interviewees

Interviewee	Profession position	Type Audit firm	Gender	Experience	Length of interview
PA1	Audit Partner	BIG 4 audit firm	Male	More than 20 years	1h 05 min
PA2	Audit Partner	BIG 4 audit firm	Male	More than 25 years	1h 35 min
PA3	Audit Partner	BIG 4 audit firm	Male	More than 25 years	45 min
PA4	Audit Partner	BIG 4 audit firm	Male	More than 20 years	55 min
PA5	Audit Partner	BIG 4 audit firm	Male	More than 20 years	35 min
PA6	Audit Partner	BIG 4 audit firm	Male	More than 20 years	55 min
PA7	Audit Partner	BIG 4 audit firm	Male	More than 25 years	40 min
PA8	Audit Partner	BIG 4 audit firm	Male	More than 20 years	35 min
PA9	Audit Partner	BIG 4 audit firm	Male	More than 20 years	1h 06 min
DA1	Audit Director	BIG4 audit firm	Female	12 years	1h 10 min
DA2	Audit Director	BIG 4 audit firm	Male	15 years	50 min

After conducting each interview, we transcribed it within 24 hours. Thereafter, we listened to the record one more time while reading the completed transcripts to check their conformity with the recording (Haynes, 2008).

We employed a manual thematic analysis that allowed us to assemble the main themes arising from the study into a logical explanation (Rowley, 2012). At the beginning, we coded the interview records according to the terms and descriptions given by the interviewees regarding their perceptions of the performance of audit engagement under the conditions imposed by the Covid-19 pandemic.

In our research study, we used open and axial coding for emerging themes. This approach made the data-coding process more stratified and refined and, hence, a good picture of the studied topic began to emerge from the data (Roussy, 2013). Next, we matched the codes to the rhetorical material and the idea (Corbin & Strauss, 2008). Then, for the purpose of ensuring the validity and the reliability of our coding, we performed a double check (Miles & Huberman, 2003).

RESULTS AND DISCUSSION

Work Conditions during the COVID-19 pandemic

Our interviewees argue that distance working presents slight difficulties while performing the audit engagement (Table 2). Indeed, it takes more time and effort to adapt to the new work environment and social distancing imposed by the Covid-19 outbreak. From an audit management perspective, the key issue is connectivity with the client. In the short term, auditors must adapt to both the new social distance work conditions and the adaptability of their clients IT infrastructure as exemplified by “... IT infrastructure were able to accommodate’ (as due to nature of our work we already work remotely at client premises), but many of our clients were not able to adapt as swiftly” (PA3). In turn, this makes estimation and judgment more difficult as exemplified by “From an audit perspective, the key challenge was auditing the estimates / judgements involved in various areas of the clients’ financial statements – as they involved greater subjectivity and uncertainty” (PA8).

Furthermore, the audit is deemed to be a stressful profession (Hamza & Damak 2016; Otley & Pierce 1996). The situation is particularly stressful for the auditor who finds himself under pressure and obliged to work from home. In fact, in an unusual situation, the auditor finds himself compelled to manage his network remotely.

Overall, interviewees stressed that ensuring efficiency and effectiveness in audit engagement during Covid-19 pandemic was far from being an easy task as exemplified by “... also staying in touch with the teams (staff/management/leadership/client) is critical to ensure that communication is effective and efficient” (PA7).

Materiality and Audit Procedure during the Covid-19 Pandemic

Our interviewees report that the assessment of the risk of material misstatements has increased during the time of the pandemic. Indeed, as risk assessment has increased, additional due care from auditors must be taken into consideration with regard to the impact of the pandemic on the numbers of financial statements and presentations, as exemplified by “... The inherent risks of error increased and also control risks had to be revisited considering there were several changes in processes of the companies due to the pandemic. This resulted in ensuring appropriate control testing is performed. Overall, the risk of material misstatement increased” (PA4).

Analytical procedures represent an integral part of the audit process (Messier et al., 2013). During the pandemic, our interviewees perceive that audit procedure has not changed a lot. However, procedures have been enhanced and the audit effort has increased during the audit engagement since some areas needed to focus more on them. This is exemplified by “Audit procedures did not change much during the crisis as the procedures are the tool to build the audit opinion, in fact the procedures have increased due to the additional care of the impact of the crisis which might be an adjusting event in some cases and requires us as an auditor to have the due care and special consideration while issuing our audit opinion” (PA1). Indeed, significant estimates in the financial statements have had to be revisited and audited in the new situation. Some of the key areas which required increased focus by an interviewee are exemplified by:

- “... Liquidity, funding and going concern assumptions (especially due to significant drop in volumes in some sectors (e.g., hospitality and retail).
- Areas of judgment and estimates. For example, provision for doubtful debts in compliance with IFRS 9.
- Valuation of assets due to significant element of uncertainty involved for example. Real Estate and some intangibles like Goodwill)” explained the interviewed (PA7).

Our findings is consistent with previous studies, as bankruptcy and fraud risk have increased during the pandemic, auditors increased focus on critical areas using analytical procedures. Indeed, analytical procedures are an efficient way that help to verify important assertions (Albitar et al., 2020 and Rose et al., 2019).

Moreover, the implementation of some audit procedures, such as inventory count, was challenging during the lockdown. The interviewees highlight that audit procedure needed to be adjusted as the auditors were unable to inspect physical audit evidence because they could not visit the client warehouse. An example is: "... we had to adjust our audit procedures to inspect physical audit evidence remotely (for example stock takes)" (PA5)". Since this was a global challenge, there were agreed alternative procedures agreed that provided acceptable audit evidence.

In addition, most of the interviewees argue that with remote working, salary reductions and general economic hardship, risk of fraud necessitated, also, enhanced focus. Also, during pandemic, auditors find themselves obliged to focus on Cyber Risks and the General IT control environment's ability to cope with such circumstances.

The professional skepticism, as recognized by the auditing standards- SAS No. 1 and exemplified by "an attitude that includes a questioning mind and a critical assessment of audit evidence" has increased due to the new controls / processes coming into effect. There is increased focus (including incorporation of scenario-based sensitivity analysis) on the client's assessment of a going concern.

The quality of audit evidence is very important to justify auditor opinion regarding the fairness of the financial statement. If the reported information is not supported by strong evidence, then the audit risk may be high and the opinion is not correct (Rose et al., 2017). The quality of audit evidence strongly depends on the form and source of the evidence. When considering the challenges at the beginning of the Covid-19 pandemic, the collection of evidence seemed to be the most significant one since the audit work and, more particularly, "field work" were carried remotely. This created difficulties in obtaining the evidence since the normal procedures were to document the original physical documents of evidence and, in some cases, request a scanned copy be kept within the audit file. This was exemplified by "...some challenges were mainly related to whether clients were able to provide us requested documents electronically as access to premises wasn't possible..." (PA8). (PA4) adds that "...SME clients, particularly, were not prepared for work from home setup, and obtaining audit evidence was not always easy and straight forward". Indeed, while the BIG 4 audit firms were able to transition very quickly to distance working, SME client systems needed to undergo changes to be able to provide the appropriate audit evidence.

Another challenge, raised by our interviewees, was face to face interactions for inquiries and the need to obtain explanations remotely as exemplified by "...as everyone worked through the new reality of working remotely, process started to fall in place gradually as everyone has accepted this new way of working" (PA9).

However, over time, the auditors were able to access information via video calls and/or by staff couriers as exemplified by "...since this was a global challenge there was alternative procedures agreed that were acceptable audit evidence e.g., electronic signatures via recognized applications were accepted by regulators rather than ink signatures and stock count procedures were adapted to allow them to be conducted via recorded video call" (PA6).

Audit Report during the Covid-19 Pandemic

Turning to issues related to accounting estimates and subsequent events, on the one hand interviewees PA 1 and PA5 asserted that: "...normal procedures have taken place as the work was carried out remotely and

that subsequent events for the most part remained the same. On the other hand, interviewees PA2, PA8 and PA 9 recognized that “...accounting estimates had a big shift during the pandemic and auditing accounting estimates was challenging in light of the uncertainties of the pandemic”. Consequently, extensive work had to be carried out on these. More specifically, PA2 explained that “...there was lot of focus on subsequent events to see whether the pandemic impacted the client’s business or their control environment”.

Hence, with the remote collection of audit evidence, PA8 emphasized the idea according to which, there was an increase in the undertaken scenario based sensitivity analysis along with the assessed adjustments to previous years’ estimates pertaining to those that related to the impact of the Covid-19 pandemic. Moreover, our interviewees argued that another challenge was the subsequent events that required an extra level of due care when issuing the audit opinions and, more especially, with regard to the respective clients’ continuity plans and to “material uncertainty related to estimation” as PA3 explained “In most instances there was an emphasis of matter included in our reports as a result of the material uncertainty caused by the pandemic”.

In some cases, either the audit report has been modified or a matter emphasized to reflect the situation of the going concern or the inability to obtain certain documents such as related parties’ confirmation or bank confirmation. In this regard, DA1 admitted that “...specific impacts on a client due to material impact on some assertions required disclosure in our reports.” Going concern was a key element to look out for in all clients. This depended upon how their business was performed and which industry they operated within. PA5 explained that “...some sectors were more affected by the pandemic, there have been specific disclosures around Covid-19, going concern assumptions in the financial statements”. He added that “...on a case to case to basis, there is an emphasis of matter paragraph in the audit opinion”.

Best Practices developed to Improve Quality

Although extensive work had to be carried out, this does not deny that some best practices had been developed to improve audit quality such as independent secondary review of each engagement (PA1); team peer review on random basis (PA8); coping with the International Accounting Board’s most recent updates and the International Financial Reporting Standards (IFRS) announcements and updates (PA6); the standardization of work papers so that the work duties were clearly specified (PA2); continuous reminders to all team of the key elements of audits (PA9); and regular alerts / bulletins (both globally and locally) that have provided the audit engagement teams guidance in relation to audit considerations and potential accounting impacts. These were developed to be cognizant with a Covid-19 response protocol (based on certain criteria) to enable an independent reviewer to assess the decisions made by the engagement team when it came to the audit report and, also to assess the level of disclosures in financial statements.

Likewise, our interviewees shed light on the increased use of specialist services and, more particularly, IT specialists to allow seamless work from home. The involvement of IT systems in audits increased during the pandemic since many clients changed and/or updated their IT systems to make them more advanced. This exemplified by “... this resulted in us looking at the IT systems of the clients” (DA2). Indeed, with clients becoming more digital based, IT audits had to adapt to the changing requirements to ensure cybersecurity and, more especially regarding clients dealing with sophisticated and constant cyberattacks and cyberthreats as exemplified by “... cybersecurity was an area of focus for the IT audit teams, in order to assess the baseline process in place” (PA4).

This result is consistent with Teeter et al. (2010) findings which provide evidence that remote audits are subject to connectivity and, if managed well, can be conducted effectively. However, this depends on how the clients update their ways of working.

Impact of Covid-19 Pandemic on Assurance Service

Our interviewees argued that the Covid-19 pandemic had led to several benefits in respect of the assurance service. First, as explained by PA8, the Covid-19 pandemic had had a great impact on the awareness of investors “with regards to prioritization of accounting of books and the reporting part of financial statements which made them keener and in need for attestation services to ensure that the businesses are progressing well”. Second, Covid-19 has proved that remote audits are possible and if managed well, can be conducted effectively. Third, remote working has led to increased use of technology in the execution of audits. This is an area of development in the assurance service.

On the other hand, many interviewees claimed that the Covid-19 pandemic had resulted, also, in many disadvantages for the assurance service. Indeed, the involvement of specialists in audit engagements increased during the pandemic and the overall increase in audit effort had resulted in asking the clients to pay more fees. However, in several situations and, more especially, due to the challenging market conditions, clients were not full onboard with paying more fees (PA2). Indeed, for many clients, there were certain considerations and discounts on the audit fees to cope with their situations arising from the decline in their business operations (PA1) which, in turn, impacted on the audit team’s remuneration (PA4). Moreover, with the development of technology, there was no longer a need to have all team members physically on-site. Therefore, remote working and offshoring are two key areas to be considered in the assurance service (PA3). Indeed, resourcing has had an impact and has led to changes in audit teams’ composition (PA9). Moreover, with the increased use of technology and remote working, not all field staff need to be on the ground and offshoring is gaining more momentum than previously was the case (PA5).

Blockchain and Assurance Service

As PA4 explained, blockchain technology was still in its early stages and would need to be assessed thoroughly before it was adopted # for the purposes of audit reporting “... I can see it happening in the future but not quite now”. PA2 added that the implementation of blockchain technology would need significant advancement by all clients which can take time “... blockchain technology is available for a while now, however not been widely accepted yet. It is expected that change will be gradual”.

Overall, our interviewees agreed that it is time to move to blockchain technology to reduce the effect of uncontrolled situations such as the Covid-19 pandemic on the audit reporting quality. As PA1 stated “... this is an eternal and optimal requirement for our industry regardless of any such event as this will increase the efficiency of the audit as well as the effectiveness of the deliverable in a timely manner”. DA2 added “This would be one technology solution to consider but will require significant investment across jurisdictions and support from regulators”.

The results from this research have mainly three implications. First, due to remote working, both companies (audited firms) and audit firms must think about the opportunities to invest in artificial intelligence and blockchain technology. Indeed, by improving the effectiveness and the flexibility of communications between auditors and auditee firms, blockchain technology would play a crucial role in mitigating challenges like those of the Covid-19 pandemic. Therefore, these can promote the quality of the financial reporting and audit. Blockchain technology would supplement traditional auditing greatly because of the provision of low-cost, decentralized audit procedures and automated audit evidence (Abdennadher et al., 2021). Second, audit firms must consider the Covid-19 pandemic and its consequences as an opportunity to enhance audit procedures and audit planning. Indeed, it is time to make a transitional step in the provision of the assurance service by employing artificial intelligence in this service. Third, our research findings may assure investors, stock market traders and the

different users of financial statement audit reports on the quality of such reports during the period of the Covid-19 pandemic.

Table 2 Summary of Conducted Interviews

Themes	Summary
Work Conditions during the Covid-19 pandemic	<ul style="list-style-type: none"> Distance working presents slight difficulties while performing the audit engagement. Key issue is connectivity with the client. Many clients were not able to adapt as swiftly.
Materiality	<ul style="list-style-type: none"> The risk of material misstatements has increased during the pandemic. The inherent risks increased, and control risks had to be revisited.
Audit Procedures	<ul style="list-style-type: none"> Audit procedure has not changed during the pandemic. However, procedures have been enhanced and the audit effort has increased during the audit engagement. The procedures have increased due to the additional care of the impact of the crisis which might be an adjusting event in some cases and requires auditor to have the due care and special consideration while issuing our audit opinion. Significant estimates in the financial statements have had to be revisited and audited in the new situation. Some audit procedures, such as inventory count, were challenging during the lockdown.
Audit evidence	<ul style="list-style-type: none"> The collection of evidence is challenging as audits were carried remotely. Face to face interactions were challenging for inquiries and the need to obtain explanations remotely.
Audit Report	<ul style="list-style-type: none"> Accounting estimates was challenging considering the uncertainties of the pandemic. Subsequent events require an extra level of due care when issuing the audit opinions. Going concern was a key element to look out for in all clients.
Best Practices developed to Improve Quality	<ul style="list-style-type: none"> Independent secondary review and team peer review on random basis. Coping with the International Accounting Board's most recent updates and the International Financial Reporting Standards (IFRS) announcements and updates. The standardization of work papers so that the work duties were clearly specified. Regular alerts/bulletins in relation to audit considerations and potential accounting impacts. The increased use of specialist services, particularly IT specialists.

CONCLUSION

The effects of the Covid-19 pandemic's social distancing on financial audit engagements have been challenging and complex for auditors. In this paper, we have tried to explore the effect of covid-19 outbreak on the audit engagement and procedure. Using semi-structured interviews with the BIG 4 audit firms' audit Partners and audit directors, our analysis of the interviewees' responses shows that auditors face different challenges to maintain the quality of their audits. These challenges relate mainly to 1) collecting evidence about audits; 2) adjustment and enhancing audit procedures; 3) the client's IT infrastructure; 4) the increase of cyber risks; 5) the difficulties in making estimations and judgements; 6) ensuring the audit team's effectiveness and efficiency; 7) the work environment and the maintenance of wages. Our study provides important contributions to the auditing literature. This is achieved by providing insights on audit quality during the pandemic based on experts' opinions that complement the predominately archival research on the topic. Moreover, our paper provides a comprehensive picture of the different effects of social distancing on audit quality. This may help future

researchers to find new research axes on contemporary issues in auditing that must be explored. Besides, our study explores the effect of the Covid-19 outbreak on audit quality in an emergent context characterized by a highly developed information and communication technology infrastructure. This can shed light on the future of the audit profession. Finally, our paper findings provide insights into the necessity of implementing blockchain technology to enhance the quality of audits in similarly imposed circumstances. In conducting this study, we encountered two limitations that may stimulate interesting opportunities for future research. First, the study was done in the context of the UAE which, as an emerging country and compared to other emerging economies, has its own political and socioeconomic features. Consequently, the results cannot be generalized to other countries in the Middle East region. Second, this study's finding cannot be generalized because of the use of the qualitative approach. Consequently, to improve this study's findings, we recommend that a future study incorporates a questionnaire that is sent to a large sample of auditors from local and international audit firms. As a future research avenue, it would be interesting to replicate our research question to other contexts and to conduct comparisons with other countries, as no such study exists for any other country.

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APPENDIX

Appendix 1 Question Asked to the Interviewees

1. Can you explain what are the Key challenges for audit that you faced during the coronavirus pandemic?
2. How audit procedures changed during the COVID-19 crisis?
3. How identifying and assessing risks of material misstatement changed during the COVID-19?
4. Did you face challenges in collecting audit evidence?
5. How did you resolve issues with auditing accounting estimates and subsequent events during these periods?
6. Did COVID-19 crisis affected the audit report opinion? If yes. How?
7. What are the best practices your firm has developed to improve the audit quality during COVID-19?
8. Did the mission of IT audit change during the COVID-19? If yes. How?
9. How COVID-19 Unexpectedly Advanced the Future of Auditing?
10. Did COVID 19 affect the composition of audit team, salaries and remuneration fees?
11. Do you think that it is time to move to blockchain technology to reduce the effect of such events on the audit reporting quality?