

Factors That Affect the Auditor's Competence and Ways to Vanquish Problems

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In today's commercial environment, competition is severe, and this also applies to the public accounting services sector. Thus, in order to prosper in this fiercely competitive landscape, a public accounting company needs to be capable of attracting and retaining a sizable clientele by highlighting its professionalism and expertise. This will facilitate the firm's ability to cater not only to its current clientele but also to others as well. It is often known that a professional auditor's competence in the discipline of auditing is one of the most crucial components of a professional auditor's capacity to produce an excellent audit. This relates to their competence as professionals, which they have developed via formal education, passing professional examinations as well as employment as auditors.

Competence in audit can be defined as a sufficient ability that can be specifically applied to an objective audit (Darmawan et al., 2016). Competency shows an auditor's professionalism and ensures that he or she is competent in their field of work. A key component of an auditor's competency is their ability to conduct audits with objectivity, correctness, and reliability. This

is based on their level of knowledge and experience (Fadila et al., 2023). An experienced auditor will realize that performing the duties relating to his audit profession is easy, quick, and intuitive when he applies his skills. Thus, competency affects the quality of audits (Puspitasari et al., 2019). Skilled auditors are able to reduce mistakes or prevent unintentional errors in auditing Calocha & Herwiyanti, 2020). This suggests that a significant factor influencing the overall caliber of the audit's result will be the auditor's career duration. To become a certified auditor, you must have audit experience. When appointed, auditors with the necessary experience will be prepared to manage situations within the client company.

The auditing profession has historically been associated with high rates of staff turnover, and audit firms are well-known for their peak season (Herda & Lavelle, 2012). If the auditor fails to identify and disclose significant misstatements, the audit's quality will suffer. The ability of the auditor to execute the attestation with reasonable assurance eventually provides a high standard of audit quality and enhances the credibility of financial statements (Fadila et al., 2023). The skills and expertise of the auditors are essential components that enhance the audit's quality (Alsaedi & Kamyadi, 2023). The firm frequently loses experienced auditors due to significant employee turnover. To fill positions swiftly, especially during busy seasons, the company needs to acquire fresh staff, including fresh graduates.

This article will address the issues that affect an auditor's competency, including burnout, insufficient experience, insufficient expertise, and inadequate training, and then offer several options for fixing the matter.

1. Auditors' Burnout

A significant issue is auditors' burnout. Numerous significant behavioral and attitudinal effects in internal accounting practice are closely correlated with the condition (Fogarty & Kalbers, 2006). Fatigue and a sense of having drained emotions are the symptoms of emotional exhaustion (Hegazy et al., 2023). Additionally, prior studies have linked burnout to low job performance, avoiding interactions or communications at work, a heavy workload, employees' ignorance of the company's objectives and tasks, an increase in their desire to leave the company, and an ignorance of the significance of their role within the organization (Danudoro et al., 2021). The conflict between having too much work to do in a limited time and not enough resources to complete it is the main source of stress for auditors in the auditing profession especially in the small and medium firm (Yan & Xie, 2016). The absence of skilled and knowledgeable auditors is an additional indicator of inadequate resources. This brings up the subject of stress, which may have an effect on performance, effectiveness, and ultimately the quality of the work produced (Darmawan et al., 2016).

2. Insufficient experience

The period of experience is another factor affecting audit quality. An adequate level of experience and independence among auditors can improve the quality of audit outcome. Due to their vast experience with a variety of audit challenges, auditors are able to accurately assess the audit risks of their customers and discover areas of weakness. Inexperienced auditors found it hard to meet deadlines while incorporating client justifications without offering solid evidence to back up their findings (Al-Qatamin et al., 2021). Furthermore, the authors worry that inexperienced auditors may fail to follow important steps that could affect auditing because they believe they are superfluous. Instead, auditors should complete all audit procedures and provide a reasonable level of assurance regarding their clients' financial records. Skilled

auditors are likely to conduct audits using relevant and appropriate procedures, which will lead to better audit performance. In addition, the authors feel that highly experienced auditors have greater ability than less experienced auditors to handle issues that often result from earlier audits (Kang et al., 2017).

3. Insufficient Expertise

Knowledge and experience are frequently used as indicators of competence in the discipline of auditing (Calocha & Herwiyanti, 2020). Knowledge and experience are used to determine competence. A knowledgeable auditor with sufficient experience will be able to keep up with the increasingly complex advancements in the audit environment of their client with ease and depth (Kertarajasa et al., 2019). It suggests that competent auditors will find it easier to define any financial report misstatements they discover for clients and classify them in accordance with the objectives of the audit and the conceptual framework of the underlying accounting system (Darmawan et al., 2016).

4. Inadequate Training

Most small and medium-sized companies use new graduates and less experienced workers because they struggle to find skilled staff. Inadequate training can also lead to issues and degrade audit quality. Auditor performance and audit quality were impacted by a lack of training and relevant experience (Al-Qatamin et al, 2021). This implies that auditors may carry out inefficient auditing processes while violating the audit procedures. A lack of knowledge may result in inefficiencies, an increase in errors, or the incapacity to spot customer misstatements in financial reports.

Thus, in order to address the concerns that were previously stated and prevent an auditor from being incompetent, the followings are among the elements that must be considered to ensure that an auditor exercises professionalism in the profession.

1. Training

According to Louis et al. (2022) an extensive analysis of training in the auditing profession reveals that it is essential to staff members' skill and competency development and, consequently, to raising the quality of the work performed. Auditors need to get the appropriate training and experience to make sure the audit achieves its objectives.

Nowadays, the majority of companies offer specialized training on some of the more challenging audit issues. Detailed case studies and a post-training evaluation to verify that participants grasped the content are typical elements of this type of instruction. Auditors need to improve training, code of ethics and experience so that the audit opinion results presented can be more trusted by the public (Maisyarah, 2024).

In order for the staff to perform better, they need a regular training program. To help employees improve their professional and interpersonal skills, it is recommended that in-service training, refresher courses, and on-the-job training be scheduled on a regular basis (Rumasukun, 2024). The training for the auditors should provide further advice and guidance regarding the use of audit evidence, professional skepticism, engaging experts, and relying on other experienced auditors along with utilizing real-world case studies. Professional skills, which highlight teamwork, problem solving, communication, flexibility, critical thinking, time management,

and much more, are essential to every organization to obtain effective performance and audit quality

2. Succession Planning

As senior auditors prepare for retirement or take on new positions, succession planning assists in the transfer of knowledge, audit methodology, and best practices to the following generation of auditors. As a result, audit procedures are constant and ongoing (Munter, 2015). Planning could include considerations for timing, risk assessment, and a diverse team composition. Several aspects, such as the experience level of the team, the use of specialists, and the scheduling of who will examine which file when, can significantly alter the engagement approach and affect its effectiveness. A crucial tactic to minimize the likelihood of an error is designating complex or demanding audit domains to auditors with the suitable degree of expertise and comprehension (Bani-Ahmed & Al-Sharairi, 2014).

There is no doubt that the engagement schedule of the audit team must be considered while planning. But planning is more than just sticking to a schedule. Rather, it must be viewed as an ongoing process that starts when the last audit completes and ends when the current engagement is accomplished. Lastly, the skills gained during the planning phase ought to be applied throughout the interaction. For instance, in order to be ready for the current engagement, the inadequate control discovered in the previous audit should have been addressed as a top priority and continued to be resolved during the audit. In fact, meticulous preparation not only might result in a more successful audit execution, but it also gives auditors vital risk management techniques that might improve the quality of the audit (Ferguson, 2016).

3. Monitoring and Feedback

Audit companies' monitoring and evaluation processes have found that these elements make up a significant mechanism for guaranteeing adequate auditor performance (Herda et al., 2019). Throughout, the engagement team should be closely observed, and the work they complete should be carefully examined. Since newer employees frequently complete the basic audit evidence to support the audit conclusion, supervision is essential. This implies that any mistakes, shortcomings, or mistakes committed by them could significantly lower the audit's quality (Louis et al., 2022).

Auditors may get regular feedback as well as helpful critiques from higher up in the management hierarchy. If an auditor still lacks experience, feedback sessions can highlight specific areas for improvement and offer recommendations to enhance their skills and expertise. Their professional development might be aided by the continuous assessment and monitoring (Alsughayer, 2021). Feedback approaches can be used to recommend specific training programs, additional assistance, or mentorship to unskilled auditors, helping them acquire the necessary knowledge and abilities. In addition, companies have been able to detect issues more quickly, precisely, and reliably as a result of their monitoring.

Pre-issuance assessments have been used by certain companies to find mistakes prior to the audit process being finished. Engagement teams can then make any necessary corrections before the audit's conclusions are released to the public. Monitoring is essential to ensuring that the organization is providing high-quality audits since it allows auditors to evaluate if quality controls are in place from both a firm and engagement level perspective, as well as what is and isn't functioning. (Munter, 2015)

4. Salaries

Raising pay and benefits could lead to more satisfied auditors, which would motivate them to work harder and produce higher-quality audits (Kang et al., 2017). As we know the workload for an auditor sometimes is not equal to the salary paid. Hence, the competition among audit firms becomes more intense to acquire and retain competent and experienced auditors. According to Hoopes et al. (2018), they suggest audit staff salaries have a positive relation to audit quality when higher salaries are able to help retain competent and more experienced auditors. The study further supports regulatory claims that the audit industry's staff efficiency is being negatively impacted by unchanging salary in the audit profession, as accounting majors seek to become tax accountants or consultants rather than auditors. By providing competitive pay, companies may attract in and keep a sufficient number of qualified auditors. A sufficient number of employees has been guaranteed for audit engagements, so understaffing won't be a problem.

5. Mentor- mentee program

Colleagues can be more effectively motivated to practice awareness during engagements by gaining real-time mentoring from senior auditors or managers. Staff auditors probably become more aware by audit supervisors who guide their staff members in recognizing the impact of their work on clients by helping them see the wider context (Sweeney et al., 2013). According to by Herda et al. (2019), participants recommended that managers emphasize the importance of particular duties they perform for the engagement in order to inform staff members about the audit's primary objective. Juniors may occasionally hesitate or be scared to ask superiors directly questions regarding specific issues, including how to conduct an audit. As a result, the guidance from seniors may enable them to find a solution. Furthermore, because senior staff members frequently double-check their work before managers review it, rookie auditors can learn a lot from senior auditors' work techniques and seek guidance that will help them perform better and make fewer errors.

Conclusion

The performance of an audit is mostly determined by the expertise, skills, and background of the people doing it. Competent auditors are essential for ensuring accurate and dependable financial reporting as well as for identifying and preventing fraud or mistakes. Comprehending the firm's methods, frameworks, and pertinent controls is imperative for auditors to produce intricate accounting estimations. Even if the auditor finds information that supports management's expectations, they still need to exercise discretion when evaluating audit data that seems to go against that expectation.

Their capacity for critical analysis, risk assessment, and collaboration improves the legitimacy and dependability of financial reporting. It is imperative that auditors develop critical thinking skills and comprehend the fundamental processes associated with conducting an audit. With this experience, they will have a solid foundation to audit increasingly complex firms as their careers develop. Furthermore, the production of a trustworthy financial report by a qualified auditor will boost the confidence of the client's stakeholders. Even in the face of overseeing a complex organization, auditors must possess versatility, adaptability, and flexibility. The importance of auditor competency on the integrity, transparency, and trustworthiness of

financial accounts emphasizes the vital role auditors play in upholding the standard of competence and reputation of the audit profession.

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