

## APPLICATION OF ISA 300 AND AUDIT QUALITY IN THE COVID-19 PANDEMIC ERA: STANDPOINTS OF ACCOUNTING PRACTITIONERS.

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**ABSTRACT:** Adherence to audit standard is an imperative exercise that cannot be over-emphasised in audit engagement. The study focused on the importance of audit planning (ISA 300) in enhancing audit quality in the pandemic era from the standpoints of accounting practitioners residing in Ogun State, Nigeria. The population of the study consists of Three Hundred (300) members of the Institute of Chartered Accountants of Nigeria (ICAN) that are active members of two districts out five districts in Ogun State. The sample size of One Hundred and Seventy-One (171) members was determined using Taro Yamane formula out of which Eighty-three responses (83) were obtained. An electronic questionnaire was designed and sent to the sampled members via their e-mails and WhatsApp. The study adopted both descriptive and inferential statistical method of data analysis using SPSS 25.0 version. The result revealed that auditing standard is a necessity that must be adhered to by auditors at all time as there exist positive and strong statistical relationship between the application of ISA (300) and audit quality in the pandemic era with correlation coefficient  $p\text{-value} = 0.000 < 0.05$ . Therefore, the study suggested that in addition to measures instituted by audit firms to conduct audit exercise in the pandemic period, adherence to auditing standard is paramount to enhance audit quality.

**Keywords:** Audit Planning, Audit Quality, Covid-19 era & Professional scepticism.

### I. INTRODUCTION

Audit quality remains paramount in the covid-19 pandemic era. The impact of the global pandemic on business operations as well as financial reporting processes of business cannot be overemphasised, as a result auditors have imperative responsibility to obtain the understanding and assess the impact of covid-19 on clients' business and financial reporting framework in order to determine the effect on client's audit process and timetable. The effect of the global pandemic has been termed material and severe both to the clients and financial reporting process as it impacted on employees, financial system, mobility and the economy at large (FRCN, 2020). Therefore, there is possibility that this situation may posit scope of limitation or complex auditing issues to auditors (Albitar et al, 2020; CPAB, 2020; FRCN,2020).

The pandemic era has enhanced several measures to be taken by the Federal government in order to contain the spread of covid-19 which include quarantine, closures of non-essential services, social distancing and travel bans. However, these measures have created significant disruptions in businesses worldwide which had led to financial instability and going concern issues for most organizations (Albitar et al, 2020; Ernst & Young, 2020; FRCN,2020).

The implications caused by the pandemic has enabled businesses and companies to adjust drastically including the audit profession due to complexities of financial reporting processes, increased risk and uncertainties thereby resulting in delivering audit engagement via virtual (IFAC, 2020). However, despite all these changes, commitment to audit quality and auditing standard still remains intact as the standards still suitable for the purpose of covid-19 context. Audit quality remains very imperative more than ever before in the current uncertain situation in which additional time to enhance audit quality might be required. Therefore, both processes and people required for the audit work must ensure wellness as high audit quality requires high quality personnel (IFAC, 2020).

It is worthy to emphasise that audit quality is not to be compromised by the covid-19 pandemic challenges. There is a need for auditors to exercise care in assessing information presented both in the financial statement and any other accounting disclosures (CPAB, 2020). Areas of importance of audit quality in this current condition include the going concern matter, emphasis of matter, limitations in scope, risk and uncertainties (AICPA, 2020). The International Auditing and Accounting Standard Board (IAASB, 2020) stated that it is imperative for auditors to exercise professional scepticism and significant professional judgement as

well as being focused on the professional ethical requirements. It is the opinion of IAASB that ISAs are principle-based that must be fully adhered to in order to preserve and enhance public trust in audit engagement and auditors.

The International Standards on Auditing (ISAs 300) established the direction and guidelines needed by auditors in planning the recurring audit and considerations for initial audits of entities financial statements. Audit planning in line with the dictates of ISA 300 involves instituting overall audit strategies for the purpose of developing audit plan (IAASB, 2017) as effective and adequate planning is beneficial both to the audit process and various stakeholders. Audit planning helps the auditors to be able to identify important areas of audit and how to proffer solutions to identified problems on timely basis (Bani-Ahmed & Al-Sharairi, 2014; IAASB, 2017; Saleem, 2018; AICPA, 2019; Nguyen et al, 2020).

According to Meliyev (2017), audit planning is essential for the smooth running of audit engagement as it will not only guarantee valid audit opinion but also enhance audit quality process. It is a set of steps of pre auditing, auditing and post auditing process that helps to determine the timing, nature and scope of auditing in line with the requirement of relevant standards. Therefore, it is imperative to state that audit planning stage is a crucial stage in the audit process as early risk of material misstatement assessment in the audit most especially at the planning stage help in enhancing quality audit engagement (Omonuk & Oni, 2015; Meliyev, 2018; Nguyen et al, 2020).

The purpose of every audit exercise is to enhance value and credibility of the financial statement prepared and presented by entities as well as establishing fairness and truthfulness of entities' financial position (Geng & Yuan, 2020). The auditor has the responsibility of adhering to the dictates of ISA 300 and other ISAs so as to achieve the objectives of audit engagement. However, fieldwork has been a challenge to auditors in this prevailing era as auditors will find it difficult in gaining access to audit evidence and people that will support the final audit opinion. The AICPA (2020) opined that auditors should keep in mind regulators statement in planning and executing audit engagement. Therefore, the auditors and audit firms must maintain high quality standards as they serve their client during this period while ensuring the safety and health of their staff as auditors' role in giving assurance to financial statements plays a vital role in enhancing financial stability of entities and when high-quality audit is achieved, it builds public confidence and trust in the financial statements (IAASB, 2015). According to IAASB (2015), quality audit can be enhanced when there is an environment with likelihood of maximizing the performance of quality audit on a continuous basis. Audit quality can be achieved when the engagement team demonstrated ethical behaviour and values, sufficient skills, experience and knowledge adequate for the allotted time of the audit; applied adequate audit process and quality control in conformity to relevant laws, regulations and standards. Therefore, this study seeks to determine the perspectives of accounting practitioners on how quality audit can be enhanced in this pandemic period in line with the provision of the International Standards on Auditing (ISA, 300) by addressing the following research question: What are the perspectives of accounting professionals on the relevance of ISA 300 in enhancing audit quality during the covid-19 pandemic era.

## II. LITERATURE REVIEW

### Overview of ISA 300 – Planning an audit of financial statements

Audit engagement planning is a holistic establishment of audit strategy in order to develop an audit plan to mitigate audit risk to an acceptable low level. Planning is to ensure that an appropriate attention is devoted to vital audit areas, identifying areas of risk as earlier as possible and that audit engagement are conducted in an efficient and orderly manner. Proper planning ensures an efficient delegation of duties among the team members and facilitates proper coordination and supervision of audit engagement. The size and complexities of business entities, auditors' previous relationship, experience and the changes that occur during the audit engagement determine the nature and extent of planning (ISA 300, para 3-5).

The auditor has responsibility of evaluating the client ethical requirements and continuation prior to performing the current audit engagement significant activities. The essence of such evaluation is to ensure that the auditor has considered all possibilities that can affect adversely audit engagement and to reduce such to barest minimum. The preliminary evaluation also assist the auditor to maintain independence necessary for the appropriate performance of audit engagement, the auditor will be able to ensure there is no issue attach to the integrity of management that can adversely affect the decision of auditor to continue the engagement and finally terms of engagement with the client are properly understood (ISA 300, para 6-7).

### Activities involved in Audit Planning

According to the International Standards on Auditing (ISA, 300) activities comes in three phases which include Audit Strategy, Audit planning and Audit execution.



### Audit Strategy Phase

The audit strategy outlines the timing, direction and scope of audit and the development of audit plan. The overall audit strategy determines the features of the engagement which include the relevant financial reporting framework adopted and the industry-specific reporting requirements. It also entails ascertaining the aims of the engagement reporting so as to plan the nature and timing of the audit and communicate same to the management as well as to those charged with governance. Materiality level and the preliminary identification of areas of material misstatement risk will be established at this stage. The auditor will also need to establish whether it is necessary to plan so as to gather evidence regarding the internal control effectiveness and the identification of significant industry-specific developments (ISA 300, para 9-10).

The audit strategy phase of planning activities considers the outcome of preliminary engagement activities and the experienced derived from the previous engagement with the client. The phase also spells out clearly the resources needed for the successful completion of audit engagement which include appropriate experiences engagement team members most especially for high risk areas, whether it is appropriate to use the service of expert or not on complex matters (ISA 300, para 9-10).

#### a. Scope of the audit engagement

Some examples of issues considered necessary by the auditors to institute an overall audit strategy include the following:

- The applicable financial reporting framework adopted in preparing the financial statement to be audited.
- The industry-specific reporting requirements.
- The scope of the audit such as timing and the coverage in terms of number and location of components.
- The extent to which the auditors audited the components or subsidiaries of the company.
- Any need for currency translation in terms of currency difference of the parents' company with that of the component company.
- The need and the extent to which external auditors rely on the work of the internal auditors.
- The need for the use of experts
- The need for the use of audit evidence related to prior audit.
- The influence of information technology on the audit procedures such as the use of the computer assisted audit techniques and the availability of data.

#### b. Reporting objectives, timing and communication of the audit engagement

- The reporting timetable which include interim and final audit of the entity.
- Organising meetings with the management and those charged with governance on the nature, extent and timing, nature of audit exercise.
- Discussion of report timing and type of the report with management and those charged with governance.
- Communicating with the auditors of component companies as regards the expected timing and types of reports to be issued.
- The expected timing and nature of communication with the engagement team members including the review of the work performed.
- Any communication with the third party if necessary.

### Direction of the Audit

The following should be considered by the auditor when setting the direction of the audit.

- Establishing materiality threshold for the purpose of planning.
- Communicating and setting materiality for components' auditors.
- Materiality must be reconsidered as the audit engagement is carried on.
- Identifying the components of materiality and account balances.
- Considering audit areas with greater risk of misstatement.
- Determining the impact of material misstatement risk assessed at the overall level of supervising, reviewing and directing of financial statement.
- The extent of emphasising professional scepticism to the engagement team.
- The selection of quality control reviewer and engagement team.
- The responsibilities of the engagement team.
- Budget for the engagement including timing.
- Reviewing the relevance of the outcome of previous audit.

- Confirmation of management commitment to establishing and sustaining an effective internal control system.
- Any significant development in the business of the company having effect on the entity as a whole such as changes in IT, mergers and acquisition etc.
- Significant changes on the industry development, legal environment and framework for the financial reporting.

### **The Audit Planning Phase**

After the instituting an overall audit strategy, the next phase is to develop audit plan in a more detailed form addressing various aspects of audit strategies identified. However, both the audit strategy phase and audit planning phase are both interrelated since changes in one can result on changes in the other phase. Audit plan is a detailed phase when compared with the audit strategy phase, it includes various activities, timing, extent and nature of the engagement required to obtain appropriate and sufficient audit evidence (Meliyev, 2017). The outcome of the risk assessed determines the planning of extent, timing and nature of further audit procedures (ISA 300, para 14-15).

Audit planning is a continuous process that is involve throughout the audit engagement. The auditor may need to update changes that occur during the audit from time to time which might be due to changes in nature of audit evidence obtained and that might have effect on the overall audit strategy and audit plan might need modification. Information received during the audit engagement might have been modified for instance audit evidence obtained using substantive testing might be different from the one obtained using compliance testing. Therefore, the auditor might need to re-evaluate planned audit procedures (ISA 300, para 17). The total audit strategies would need to be documented by the auditor and the audit planning which might come in form of summarising the overall audit strategy.

### **The Audit Execution Phase**

Auditor's discussion with the management facilitates the conduct and managing of audit engagement. However, auditor should ensure that audit effectiveness is not compromised when communicating with management.

### **Planning the audit in the COVID-19 pandemic era**

Planning is the foundation for all audit engagement from the standpoint of both the auditor and the audit client as the adage that '*he who fails to plan, he is planning to fail*'. Therefore, International Federation of Accountancy stated the following as the new ways of working or performing audit engagement during the covid-19 pandemic environment (IFAC, 2020).

- Virtual remote operation: The auditors need to quickly shift to remote operations both for the audit clients and the audit team in order to conduct audit engagement and to obtain audit evidence. Therefore, adequate and proper planning is more essential in this era, more documentation will be needed and multiple ways of obtaining evidence will be needed as well such as through the electronic means by screen shooting with further verification or corroborating evidence (IFAC, 2020).
- Exercising professional scepticism: This might be difficult since there is no face to face interaction in person with the client. Therefore, in the kind of situation observation of body language when responding to inquiries might be an effective way of exercising profession scepticism, responses to enquiries through the email must be considered thoroughly and follow up with life conversation either to video where necessary most especially for fraud cases (IFAC, 2020).
- Frequent assessment of risk is paramount: Re-assessment of risk is paramount in the period and early communication with the management is very important. Therefore, audit work should be properly scheduled among the audit team (IFAC, 2020).
- Possibility of fraud and error: Auditor should exercise professional scepticism bearing in mind the possibilities of fraud. The control environment of the client needs to be re-assessed which include the segregation of duties and system access which might be weakened in this period. Therefore, the auditor should review carefully any government support packages such as the existence of subsidies or any incentives (IFAC, 2020).
- Going concern analysis. Different ways of stress testing going concern analysis should be adopted by the auditor. The auditors need to apply professional scepticism to the assumptions and judgements made by the management's assessment (IFAC, 2020).
- Materiality: Materiality benchmark for the pre-COVID-19 era might not be appropriate in this pandemic period due to the significant changes in the revenue as a result of measures taking by the government to contain the spread of the virus. Therefore, as the audit progresses, auditor needs to continue to re-assess materiality threshold such as the determination of whether the underlying business

still remain as usual, whether the historical benchmark or back-ward looking is appropriate and whether any changes in materiality benchmark can result in significant changes in profit, revenue and asset. However, whatever the decision of the auditor having applied the professional scepticism must be well documented (IFAC, 2020).

- Confidentiality: Auditors might find it difficult to maintain confidentiality with team members working remotely from their homes. However, confident information will be sent to the team members from time to time. Therefore, it is imperative that practitioners issue guidance on how to maintain confidentiality despite working from home (IFAC, 2020).
- Audit fee: Auditors might face challenges of not been paid for the audit engagement during the pandemic or reduction of fee and there might be difficulty in conversing with the client.
- Threat to independence: Threat to independence such as the self-review threat need re-assessment from time to time as there might be concern that independence could be impeded. Therefore, the auditors need to be talking through the ethical dilemmas as the need arises with their partners.

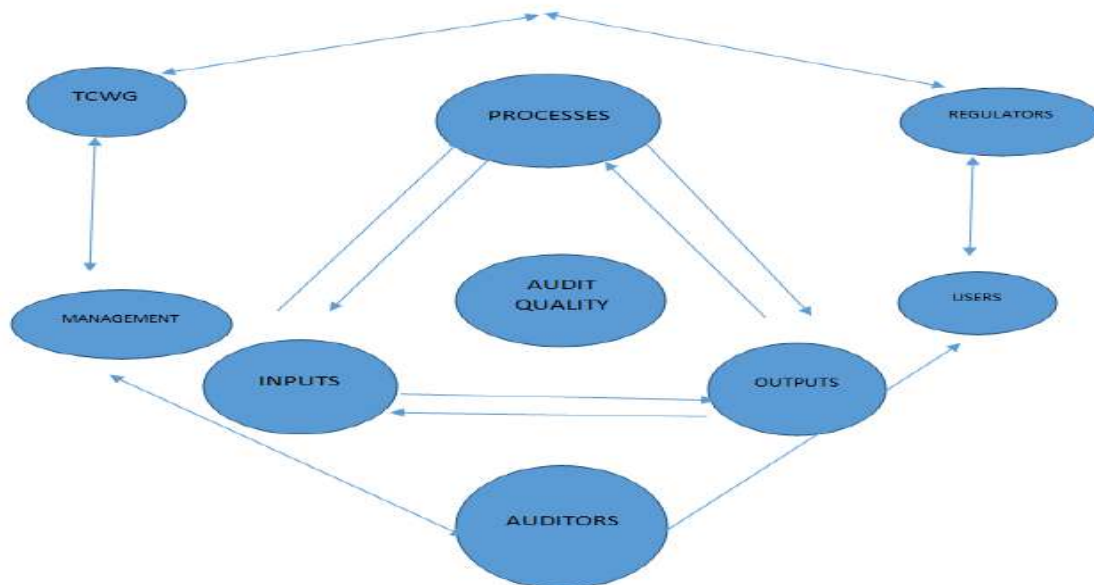
**Audit Quality**

According to KPMG (2015), audit quality does not only comprise determination and a drive to deliver an unbiased, independent assurance and opinion, it also involves meeting the guidelines of standards and regulations. Audit quality also entails exercising professional scepticism for entirety of the audit engagement. The International Auditing and Assurance Standards Board (2015), opined that audit quality is broad in context and that no specific definition of it is universally recognised. Audit quality objective can only be achieved when the stakeholders can be confident and rely on the opinion given on the financial statements. Therefore, in order to achieve audit quality by the audit engagement team, appropriate values, attitudes and ethics, must have been exhibited, rigorous audit process and quality control procedures must have been applied, timely and valuable report must have been provided, different stakeholders must have been interacted with and many other factors contributing to quality audit must have been consistently applied (IAASB, 2015).

The study of DeAngelo (1981), cited in Ibrahim & Badawi (2018), Omonuk & Oni (2015) and Xiao et al, (2020) stated audit quality is the possibility that auditors will unravel any breach in the financial statement such as errors and likelihood of material misstatement. In a nutshell, it is the capability of auditors to adhere strictly to standards. Therefore, variables such as auditors’ tenure, auditors’ expertise and competence, auditors’ compliance with auditing standards, effective internal control of client system, compliance with ethical requirements, audit infrastructures and internal quality review and expertise of the audit firm (PCAOB, 2017) cited in Ibrahim & Badawy (2018) tend towards audit quality. The main focal point of these definitions is the act of complying with the relevant audit standards application to the audit engagement. However, according to Christensen et al. (2016) stated that from the professional view high audit quality could be seen as compliance with audit standards (cited in Rajgopal et al, 2018).

However, audit quality should be seen beyond the scope of detection of errors and misstatement but rather a continuum process which extends beyond mechanical judgement of complying with standards. Therefore, audit quality should be seen as an assertion that the financial statement is faithfully representing the underlying economic conditions of the firm. The Board opined that the primary responsibility of the audit quality rest not only with the auditors by applying quality control processes and procedures but that each stakeholder also has some important roles to play in order to support high-quality financial reporting (IAASB, 2015). The Board has come up with a framework of enhancing audit quality which include the process of input, processes and output as illustrated in the diagram below.

INTERACTIONS



Adapted: IAASB, (2015).



Interactions between different stakeholders is key to enhance quality audit engagement. However, the position of professional scepticism in enhancing audit quality cannot be overemphasised. According to the International Standards on Auditing, professional scepticism is a questioning state of mind which involves being inquisitive to conditions that can reveal possibility of misstatement, error and fraud. It involves being alert to circumstances that can provide contradict audit evidence or the information that questions the reliability of documents presented for audit evidence. Therefore, professional scepticism should be applied in all areas of the audit exercise beginning from the planning phase to critical assessment of audit evidence used to form audit opinion (IAASB, 2015).

### Empirical Review

The study of Albitar et al (2020) determined the effect of covid-19 pandemic on audit quality considering the audit engagement in times of social distancing. The study mainly aimed at exploring the influence of covid-19 pandemic on the five main considerations of audit quality in the pandemic era such as going concern assessment, audit human capital, audit fees, audit personnel salaries and audit procedures. The study revealed that the effects of the pandemic will be a significant challenge for auditors and their clients even specifically, the social distancing measures could cause a devastating effect on the audit quality considerations. The study of Ghalib (2009) established the extent to which auditors could adhere to the provision of the International Standard on Auditing (300) in Yemen. Ordu et al, (2019) opined that audit planning is critical for effective audit engagement that can produce a true and fair audit report. However, the study of Halim et al, (2014) revealed the relationship between auditors' competence, auditors' independence which are elements of audit planning and audit quality as audit independent is germane in timely detection of any misstatement in the financial statement.

The study of Jaiyeola et al, (2017), to determine the relationship existing between audit quality in terms of elements of audit planning and earnings management in the Nigerian listed DMBs. The study considered Six (6) DMBs covering the period of ten years (2005-2014) using panel data technique. The result revealed a positive association between audit quality variables such as joint audit and audit independence while there is negative association between audit tenure and audit specialisation revealing the importance of audit quality variables in mitigating earnings quality practices among the (DMBs).

The study of Omonuk & Obi (2015) confirmed the relationship between the adoption of Computer Assisted Audit Techniques (CAATs) and the audit reports quality with focus on Nigerian context. The study adopted both the descriptive and inferential statistical analysis in analysing data gathered. The findings revealed that CAATs are used effectively and its application is positively correlated with audit quality. The study recommended that local audit firm should try and adopt CAATs for audit engagement to enhance quality audit and engagement and audit report.

The study of Ibrahim and Badawy (2018), investigated the perceptions of non-professional investor's on audit quality measured by the size of the audit firm, their desires to invest and the estimates of the value of companies in consideration in Egypt context. The study revealed that investors perceived audit quality in relation to the Big-4 audit firms compared to the non-Big 4. Therefore, the Accountability State Authority as a non-big 4 was perceived by the investors not to have provided the same level of quality audit services when compared with the big-4 audit firms and that has led to various financial issues in government units.

The study of Xiao et al, (2020) investigated the relationship between audit effort which include audit planning and audit quality in Chinese context from the audit process and audit output perspectives. The result revealed that audit effort improves significantly the probability of audit adjustment which has the potent to reduce earnings management to barest minimal. The study also revealed that when the size of audit firm is large or bigger clients are involved, the effect of audit effort is attenuated on audit quality.

The study of Meliyev (2017), revealed the existence positive relationship between the audit planning and audit quality in Uzbekistan. The study of Zeyn (2018), established the fact that the internal audit quality improves financial accountability quality of local government under consideration of study. The study of Khaddash et al, (2013) also revealed some factors that affect audit quality in Jordanian banks some of which include audit firm's reputation, audit efficiency, audit fees, size of audit firms, audit efficiency and proficiency of the auditors supported by Sawan & Alsaqqa (2013).

### Theoretical Review

**Lending credibility theory:** The study of Hayes (2009) opined that credibility theory seeks the need to add integrity to financial information presented in the financial statement through an independent audit of attesting to the accuracy and fairness of financial statement. The theory established that the basic function of auditing is to add credibility to the financial statement prepared by the management in an entity who are the agents of the principal i.e. the shareholders. Audited financial statement will increase the confidence of the principal in the fairness and truthfulness of the financial statement and thereby reduce information asymmetry (Goulet, 1998;

Salehi, 2010; Okpala, 2015). The study of Jackson & Stent (2010), Joseph et al (2011) and McElvaine (2010) supported the view that audited financial statement enhances reliability and credibility of financial information as it enables the investors to place much reliance on it (cited in Shumba, 2015). However, the study of Volosin (2007) opined that despite the application of audit expectations theory, audit expectation gap still exists.

**Theory of inspired confidence**

The theory of inspired confidence was propounded by Theodore Limperg J. (1922 – 1949). The theory focuses and addresses the market forces of audit services which is the demand and supply (Salehi, 2010; Salifu & Mahama, 2015; Okpala, 2015; Shumba, 2015). The demand for the audit comes from the angle of stakeholders who demanded for more accountability from the organisation. Therefore, the auditor needs to execute the audit engagement so as to secure the confidence of various stakeholders such as the shareholders, the creditors, the employees and the general public at large. Jackson and Stent (2010) opined that the world demand for greater level of accountability due to increase in the audit profession over the years in which the audit had span through areas such as government, forensic, internal and environmental auditing (cited in Shumba, 2015).

**III. METHODOLOGY**

In order to achieve the purpose of this study, survey research design was adopted which was justified on the premise that the study is subjective in nature and aimed at gathering the opinion of accounting practitioners on the subject matter with the instrument of electronic questionnaire designed in accordance with the research objectives. The questionnaire was administered through the Google form. The study adopted both the descriptive and inferential method of statistical analysis using SPSS 25.0. The scope and the population of the study comprises all the qualified and financial members of the Institute of Chartered Accountants of Nigeria (ICAN) in Ogun State Nigeria. There are five (5) districts in Ogun State which include Abeokuta District, Ijebu-ode District, Ilaro District, Mowe District and Ota District as at July 2<sup>nd</sup>, 2020. However, for the purpose of this study, two districts out of the five was considered which include Ilaro, and Mowe District due to accessibility. The estimated population of the two districts is 300 out of which the sample size of 171 was determined using the Taro Yamane formula as stated below and 83 respondents obtained:

$$n = N / (1 + N(e)^2)$$

Where:

n = is the desired sample size

N = is the entire population

e = the error term which is 0.05 (degree of confidence)

N is the entire population

e<sup>2</sup> is the square of 0.05 = (0.05)<sup>2</sup> = 0.0025

Therefore, n = 300 / (1 + 300(0.0025))

= 300 / (1.75) = 171.

**Model Specification**

The study developed a regression model specified below in order to determine the effect of applying International Standard on Auditing 300 (ISA, 300) on audit quality during the pandemic era.

$$Y = f(X)$$

$$AQ = f(AS)$$

AQ = Audit Quality (Dependent variable).

AS = Auditing Standard which is the International Standard on Auditing 300 – Planning on Audit of Financial Statements (Independent variable).

The model is specified as follows:

$$AQ = \beta_0 + \beta_1 AS_{it} + \epsilon_{it} \dots \dots \dots (1)$$

Where:

B<sub>0</sub> is the intercept for the model

B<sub>1</sub> is the coefficient of the independent variable

ε is the error term for the proxies

**Data Analysis and Presentation**

**Table 1**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.805	.824	25

SPSS, 2020.

The table 1 above test the reliability and internal consistency of set of items of scale with coefficient ranges from 0 to 1. When Cronbach alpha coefficient closes to 1, it is an indication of greater internal coefficient. George and Mallery (2003) stated the following as the rule of thumb is that when  $\alpha \geq 0.90$  (excellent),  $0.8 \geq \alpha \leq 0.9$  (Good),  $0.7 \geq \alpha$  (Acceptable) (cited in Gliem&Gliem, 2003). However, from the table 1 above it could be seen that Cronbach alpha coefficient of the study is 0.805 which is good and that the items of scale are reliable and internally consistent.

**Table 2 Descriptive Statistics – Audit Planning (ISA 300)**

SN	ITEMS	N	Min	Max	Mean	Std. Dev
1.	Adequate planning helps to ensure that appropriate attention is devoted to important areas of the audit.	83	3	5	4.81	.426
2.	Potential problems are identified and resolved on a timely basis through an adequate audit planning.	83	4	5	4.69	.467
3.	Proper planning also assists in the proper assignment of work to engagement team members.	83	3	5	4.69	.492
4.	Documentation of the audit plan also serves as a record of the proper planning.	83	2	5	4.67	.543
5.	Planning an audit is a continual and iterative process throughout the audit engagement.	83	2	5	4.12	.929
6.	Proper audit planning enhances direction and supervision of engagement team members and the review of their work.	81	3	5	4.64	.508
7.	Quality audit enhances the achievement of audit objectives that financial statement is free of material misstatement.	83	2	5	4.48	.786
8.	Expression of professional scepticism is a critical part of conducting quality audit.	83	2	5	4.18	.843
9.	Compliance with auditing standards could be seen as conducting high audit quality	82	2	5	4.49	.774
10.	Proper audit planning enhances audit quality.	81	4	5	4.77	.426
11.	Audit quality remain more critical in the pandemic era than pre-pandemic era.	83	1	5	3.94	1.183
12.	Quality of audit personnel is paramount in the covid-19 pandemic era.	83	1	5	4.00	1.059
13.	As part of audit planning process, quick shift to remote operations can enhance quality audit evidence.	83	1	5	3.67	1.037
14.	Exercising professional scepticism may be more challenging in the pandemic era.	83	1	5	4.04	.917
15.	Observing body languages and reactions remotely may be a more effective way to exercise professional scepticism to obtain audit evidence	82	1	5	3.16	1.191



16.	The use of video will be imperative for monitoring of emails	82	1	5	3.12	1.011
17.	The use of video is imperative for stock count.	83	1	5	3.54	1.182
18.	Continuous electronic documentation is imperative in the covid -19 pandemic era.	83	2	5	4.34	.785
19.	Confidentiality is imperative and must highly maintained in the remote audit operations.	83	1	5	4.34	.801
20.	Ensuring staff wellness is paramount in the pandemic period as quality staff can enhance quality audit.	83	1	5	4.53	.831

Source: SPSS, 2020.

From the descriptive statistics table above, the minimum value is 1 while the maximum value is 5 indicating that the likert scale had minimum score of 1 for strongly disagreed and maximum score of 5 for strongly agreed. However, the least mean score is 3.12 with the standard deviation of 1.011 while the highest mean score is 4.81 with the standard deviation of 0.426 meaning the majority of the respondents strongly agreed with the importance of applying ISA 300 to enhance audit quality in the pandemic period.

Table 3

Correlations			
		AVAQ	AVISA
Pearson Correlation	AQ	1.000	.524
	ISA	.524	1.000
Sig. (1-tailed)	AQ	.	.000
	ISA	.000	.
N	AQ	83	83
	ISA	83	83

Source: SPSS, 2020.

The correlation table 3 above indicated the relationship between the audit planning of financial statement (ISA 300) and audit quality. The Pearson correlation shows a positive and significant relationship between the application of International Auditing Standard 300 and audit quality. The correlation coefficient  $r = 0.524$ ,  $p$ -value = 0.000 is an indication of significant and positive correlation between the application of auditing standards and the audit quality. Therefore, no matter the measures put in place by audit firms and auditors in the pandemic period, compliance with auditing standards is germane in enhancing audit quality.

Table 4

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.524 <sup>a</sup>	.275	.266	.47466	1.894
a. Predictors: (Constant), ISA					
b. Dependent Variable: AQ					

Source: SPSS, 2020

The table 4 above revealed that adjusted R-square accounted for 27.5% which means that 27.5% variability in the dependent variable (Audit quality) could be accounted for 27.5% variability in the independent variable (Audit Standards) while other factors such as auditors skill and expertise, compliance with ethical requirement, auditors fees, auditors' skills, training, experience and expertise could result in the remaining 72.5%. The Durbin-Watson of 1.894 fall into the acceptable region suggested by Asuquo et al (2018).

Table 5

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	6.921	1	6.921	30.721	.000 <sup>b</sup>
	Residual	18.249	81	.225		
	Total	25.171	82			
a. Dependent Variable: AQ						
b. Predictors: (Constant), ISA						

Source: SPSS, 2020

The table 5 above, revealed that the model of the study is significant and is a good fit for the data as the independent variable significantly predict the dependent variable at  $p\text{-value} = 0.000 < 0.005$ .

Table 6

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.343	.639		.537	.593
	ISA	.773	.140	.524	5.543	.000

a. Dependent Variable: AQ

Source: SPSS, 2020

The table 6 above shows the influence of compliance with auditing standards (ISA 300). The table revealed that application of accounting standard on planning for audit of financial statements enhance audit quality as it shows positive and statistically significant at  $\beta = 0.524$ ,  $t = 5.543$  and  $p\text{-value} = 0.000 < 0.005$ .

#### Discussion of Findings and Implication

The study focused on the application of the International Auditing Standard (300) and audit quality in the covid-19 pandemic era from the standpoints of accounting practitioners in Ogun State Nigeria. The descriptive statistical analysis of the study revealed that application of ISA (300) which is the planning of financial statement ensures areas of potential risk can be detected and solutions provided promptly as (98.8%) of the practitioners agreed with the statements supported by the views of (Meliyev, 2017; Meliyev, 2018; Nguyen et al, 2020) and that proper direction, supervision and delegation of work to the engagement team could be enhanced through adequate audit planning. The result also indicated that attention could be given to important aspects of audit through adequate planning process that can enhance the achievement of audit engagement objectives supported by the view of (Xiao et al, 2020; Meliyev, 2017&Ordu, 2019). The respondents (82%) agreed that planning is an essential part of audit engagement that must take place throughout the audit exercise and (98.8%) opined that documentation is an essential part of audit planning.

The majority of the accounting practitioners (91.5%) were of the opinion that compliance with the audit standard could be seen as audit quality as proper audit planning could enhance audit quality. The study indicated that audit quality is paramount in the covid-19 pandemic era as (69.9%) of the respondents agreed with the statements. Therefore, the quality and wellness of audit team must be given high priority by audit firms in the pandemic era as agreed and opined by the respondents (74.7%).

However, in conducting audit engagement in the pandemic era, the respondents opined that quick shift to remote operations as part of audit planning process could enhance audit quality in which (60.2%) of the respondents agreed with the statement which is alignment with the dictates of IFAC, (2020) but exercising professional scepticism may be a challenge exercise during the period as observation of body language in lieu of professional scepticism might not be an effective approach of gathering audit evidence as stated by (56.6%) of the respondents. The majority of the respondents (77.1%) also indicated that the use of video in monitoring mails opined by IFAC, (2020) might not be effective. Finally (90.4%) of the respondents agreed that electronic maintenance of confidentiality must be a crucial part of the audit engagement in the pandemic era. The inferential statistical analysis (table 3) indicated positive and significant relationship between the International Auditing Standards (300) and audit quality with correlation coefficient  $r = 0.524$ ,  $p = 0.000 < 0.05$  while table 5 indicated that the independent variable (ISA, 300) is a predictor of the dependent variable audit quality with  $p\text{-value} = 0.000 < 0.05$ .

Therefore, the implication of the study is that auditing standard must continuously be of high esteem at any point in time. Auditors must ensure that they understand and exhibit all the dictates and guidelines of the auditing standards and as part of human capital development there must be frequent training organised by audit firms to keep the audit engagement team abreast of the prevailing circumstances and updates on auditing standards.

#### IV. CONCLUSION AND RECOMMENDATION

The study aimed at determining the effect of applying the auditing standard ISA 300 on audit quality in the pandemic era by seeking the opinion of professional members of the Institute of Chartered Accountants of

Nigeria (ICAN) on the subject matter. The study revealed that majority of the professional members opined that adequate audit planning assist in devoting attention to critical areas of the audit and it is also germane to the timely detection of risk, and that due to remote conduct of audit engagement professional scepticism may be difficult in the pandemic era. However, the use of video for stock count and electronic documentation might be very useful for auditors in the pandemic as well as adequate compliance with auditing standards.

Finally, the study indicated that compliance with auditing standards could be seen as conducting quality audit. Therefore, the study suggested that in order to enhance quality of audit engagement, strictly adherence to audit standards as well as wellness of individual staff is paramount in addition to the measures established by audit firms to conduct audit exercise in the pandemic period supported by the study of Ghalib (2009) cited in Bani-Ahmed & Al-Sharairi, (2014).

### Appendix

SN	ITEMS	SA	D	N	DA	SDA
1.	Adequate planning helps to ensure that appropriate attention is devoted to important areas of the audit.	68 (81.9%)	14 (16.9%)	1 (1.2%)		
2.	Potential problems are identified and resolved on a timely basis through an adequate audit planning.	57 (68.7%)	26 (31.3%)	-	-	
3.	Proper planning also assists in the proper assignment of work to engagement team members.	58 (69.9%)	24 (28.9%)	1 (1.2%)		
4.	Documentation of the audit plan also serves as a record of the proper planning.	58 (69.9%)	24 (28.9%)	1 (1.2%)		
5.	Planning an audit is a continual and iterative process throughout the audit engagement.	33 (39.8%)	35 (42.2%)	7 (8.4%)	8 (9.6%)	
6.	Proper audit planning enhances direction and supervision of engagement team members and the review of their work.	53 (63.9%)	27 (32.5%)	1 (1.2%)		
7.	Quality audit enhances the achievement of audit objectives that financial statement is free of material misstatement.	51 (61.4%)	25 (30.1%)	3 (3.6%)	4 (4.8%)	
8.	Expression of professional scepticism is a critical part of conducting quality audit.	34 (41%)	34 (41%)	11 (13.3%)	4 (4.8%)	
9.	Compliance with auditing standards could be seen as conducting high audit quality	50 (60.2%)	26 (31.3%)	2 (2.4%)	4 (4.8%)	
10.	Proper audit planning enhances audit quality.	62 (74.7%)	19 (22.9%)	2 (2.4%)		
11.	Audit quality remain more critical in the pandemic era than pre-pandemic era.	36 (43.4%)	22 (26.5%)	12 (14.5%)	10 (12%)	3 (3.6%)
12.	Quality of audit personnel is paramount in the covid-19 pandemic era.	33 (39.8%)	29 (34.9%)	10 (12%)	1 (1.2%)	
13.	As part of audit planning process, quick shift to remote operations can enhance quality audit evidence.	20 (24.1%)	30 (36.1%)	20 (24.1%)	12 (14.5%)	1 (1.2%)
14.	Exercising professional scepticism may be more challenging in the pandemic era.	26 (31.3%)	42 (50.6%)	9 (10.8%)	4 (4.8%)	2 (2.4%)
15.	Observing body languages and reactions remotely may be a more effective way to exercise professional scepticism to obtain audit evidence	12 (14.5%)	23 (27.7%)	19 (22.9%)	22 (26.5%)	6 (7.2%)
16.	The use of video will be imperative for monitoring of emails	8 (9.6%)	19 (22.9%)	34 (41%)	17 (20.5%)	4 (4.8%)
17.	The use of video is imperative for stock count.	19 (22.9%)	32 (38.6%)	10 (12%)	19 (22.9%)	3 (3.6%)
18.	Continuous electronic documentation is imperative in the covid -19 pandemic era.	40 (48.2%)	35 (42.2%)	4 (4.8%)	4 (4.8%)	
19.	Confidentiality is imperative and must highly maintained in the remote audit operations.	40 (48.2%)	35 (42.2%)	5 (6.0%)	2 (2.4%)	1 (1.2%)
20.	Ensuring staff wellness is paramount in the pandemic period as quality staff can enhance quality audit.	55 (66.3%)	22 (26.5%)	3 (3.6%)	1 (1.2%)	2 (2.4%)

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