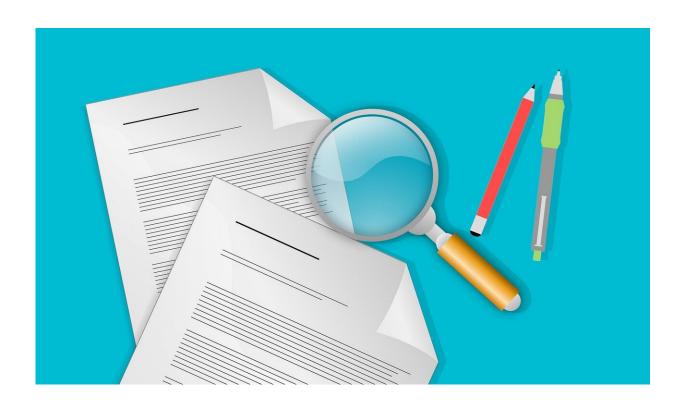


COVID-19 has negatively impacted how auditors work

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COVID-19 has disrupted financial statement auditing globally and impacted group dynamics in an industry vital to the health of the economy, according to a new study.

Pre-pandemic, core audit teams traditionally worked together on site at



the client's workplace, often sharing a meeting space as the team's basecamp—increasing team trust, identity, and potentially effectiveness. The pandemic made working from home a necessity at times, but it also led to the widespread adoption of virtual meeting platforms like Zoom, which meant teams no longer needed to be together physically to do their work.

The researchers contend that based on prior research, coaching and the review process of an audit begin to break down when there is less trust and more distance between a coach and junior or between a reviewer and preparer. They also note it is unclear whether a virtual meeting can sustain a sense of connection.

"When team members trust each other less, they don't share knowledge as much, or they don't truly work together, and ultimately that can lead to time and cost over-runs or negatively impact work quality," said Tim Bauer, one of the study's authors and a professor in assurance at the University of Waterloo. "So for a business, audit or otherwise, the question is, how will you build that trust or identity within a work team if your members are mostly interacting through screens and are 'out of sight out of mind' as soon as Zoom is turned off?"

Regarding potential impacts on the public and economy, Bauer adds, "It's interesting because trust is also vital for users of financial information. Can you trust that a company's <u>financial statements</u> are credible and fairly stated? Efficient and effective audits build trust in that information. If the audit process suffers because of physical dispersion of <u>team members</u> or virtual <u>information sharing</u>, then financial information quality could suffer too. And if <u>public trust</u> in auditors or audited information erodes, then trading, investing, and loaning of funds will start to grind to a halt."

Researchers, such as Bauer and his co-authors, are beginning to look at



both negative and positive COVID-19 disruptions in work processes and how it may affect working relationships between colleagues, such as audit teams or across organizations, for example, auditors and clients.

As the world begins to adjust to a post-pandemic environment, Bauer and his colleagues hope to inspire additional research and discussions so that as a society, answers to these questions, within work and other contexts, can be done in a systematic and informed manner to guide and support the future of group work and interactions.

The study, Group judgment and decision making in auditing: Research in the time of COVID-19 and beyond, by Bauer and UNSW researchers Kerry A. Humphreys and Ken T. Trotman was recently published in *Auditing: A Journal of Practice & Theory*.

More information: Tim D. Bauer et al, Group Judgment and Decision Making in Auditing: Research in the Time of COVID-19 and Beyond, *AUDITING: A Journal of Practice & Theory* (2021). DOI: 10.2308/AJPT-2020-147

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