

## SUMMARY OF INTERVIEW RESULTS

### **Interviewee 1**

#### **Position: Senior Auditor**

- Researcher : Thank you so much for taking the time to talk to me. I really appreciate it.
- Interviewee 1 : That is okay. I am happy to help. Besides, I am interested in the field of decision making in auditing.
- Researcher : I understand that you are a senior auditor in this accounting firm. In total, how long have you worked for a public accounting firm?
- Interviewee 1 : I have been an auditor for about seven years.
- Researcher : It seems like you enjoy your job.
- Interviewee 1 : Yes, I do enjoy my job. I want to be a public accountant. I enjoy doing audit field works. It so interesting for me because I meet with many people.
- Researcher : Please let me know how you make judgments or decisions during the performance of financial statements audits. Do you make a lot of judgments or decisions?
- Interviewee 1 : Yes, of course. There are many things that need my judgments. For example, the amount of evidence to collect, the number of invoices that we need to check, the number of customers to be sent confirmation emails.
- Researcher : So how do you make those judgments and decisions?
- Interviewee 1 : I am guided by the audit program. It lists the procedures that I should do when performing audit fieldwork. But, you know, things are not always black or white in the real world. We auditors often face situations that do not allow us to perform audit procedures thoroughly, so I will need to rely on my instinct.
- Researcher : Can you elaborate that and give me some examples?
- Interviewee 1 : You know, financial statement audits are normally performed at the beginning of the year. During that time, it can get very busy here. Work overload is common here, particularly at the beginning of the year. A lot of audit assignments need to be completed on time, so we have strict deadlines. This gives us pressure to finish audit tasks as soon as possible, so we will not miss the deadlines. Oftentimes we rely on a minimum amount of evidence and limited audit procedures to make audit conclusions, particularly for repeat clients. We just perform the basics that we consider most relevant as required by auditing standards.
- Researcher : Don't you think that will reduce the quality of the audit?
- Interviewee 1 : Yes, it will reduce audit quality if we violate auditing standards. But if we stick with the auditing standards, then I think that should be okay. Besides, some procedures outlined in the audit program overlap with each other, so I think it is okay if we skip some of them. Please note that we only use that strategy for clients that we are familiar with. Certainly, the most ideal if we could perform all of procedures. But sometimes time, the condition at the client, or other things prevents us from performing complete and detailed audit procedures. So, the best option is to rely on a modified audit program. This allows us to reach audit conclusions faster.
- Researcher : How do you know that you make correct judgments and decisions when you have to use a modified audit program?
- Interviewee 1 : I rely on my experience. I have done this job for quite some time. Therefore, I know how to respond to various situations even though we could not perform detailed audit procedures. The issues in audit fieldwork are similar from a client to another. I mean, there are certain issues that occur in more than one client, and there are certainly common audit issues within an industry. For these issues, I can rely on a modified audit program, particularly when there are limitations to perform complete and detailed audit procedures like I said earlier. When we have deadlines to meet, then we need a strategy to get to audit conclusions faster, without sacrificing the quality of our work. Having said that, I always follow the auditing standards and other regulations concerning audit.
- Researcher : Thank you for the information that you gave me. It has been nice talking to you.

Interviewee 1 : My pleasure.

**Interviewee 2 and Interviewee 3**

**Position: Junior Auditor**

Researcher : Thank you so much for talking to me. I understand that you are about to go to a client.

Interviewee 2 : No problem. I still have about an hour before I and the other members of the team go to a client. So, I still have time now.

Interviewee 3 : I am happy to be able to help you.

Researcher : Can you please tell me about yourself?

Interviewee 2 : I am a junior auditor at this accounting firm. I started working here around two years ago. Besides being an auditor, I am also a student of a professional accounting education program (PPAk). I take the evening program, so I can still work in the morning.

Interviewee 3 : I am also a junior auditor at this accounting firm. I started working here one year ago.

Researcher : You two are a junior auditors. Does that mean you are under the supervision of the more senior staff members?

Interviewee 2 : Yes, it does. I work with close coordination with the senior auditors in my team, and all of us are supervised by the team leader. The more senior auditors in my team give me direction about what to do when performing audit procedures. I often ask them when something is not clear to me.

Researcher : I am interested to know the way you and your team make audit decisions. How is it like to be under the supervision of more senior staff members. Being a junior auditor, do you contribute to the process of audit decision making?

Interviewee 3 : Yes, I am involved in the decision-making process, particularly in the evidence gathering phases. When doing audit fieldwork, I often experience situations that I am not sure how to respond to. In real audit situations, many things are not certain; it is not like in the auditing books. I am not confident to make decisions concerning those situations without consulting the senior auditors or the team leader.

Researcher : Do the senior staff members and the team leaders always give you satisfying answers to your questions?

Interviewee 2 : Well, not always. They do not always give me conclusive answers. Therefore, at times I had my own views, but I would just keep them for myself. When evaluating audit evidence or applying an audit procedure, I might have different opinions with other members of the audit team. But most of the time I would not express my differing opinions, particularly when my opinions differ from those of the team leader or others who are more senior because I was afraid it might hamper the audit processes, or my opinions are wrong. I just follow what the team leader and the seniors say because they know better about auditing, and as a junior, I think that is the right thing to do.

Researcher : It seems like you believe the more senior staff or the team leader. Why is that?

Interviewee 3 : They have more experience than me. I am sure everyone gets better when they have more experience. Auditors are no exception. I noticed in team meetings or in general office meetings that more senior members usually had more broad views and more knowledge about certain audit issues, or problems experienced by our clients. To me that clearly shows that experience plays an important role here.

Researcher : Have you seen judgements or decisions made based on prior experience? Probably when you performed audit tasks in the field.

Interviewee 2 : Oh yes, a lot of times. The senior auditors with whom I work closely in the team often make judgements and decisions based on what they did in their prior assignments. I can see the reasons why they do it that way. It is faster, easier, and the cases are similar to the ones in previous audit assignments.

Researcher : That is interesting. Well, thank you so much for sharing your experience with me.

Interviewee 2 : Thank you.

Interviewee 3 : Thank you. I hope everything will go well with your research.

**Interviewee 4**  
**Position: Manager**

- Researcher : Good morning, and thank you so much for taking part in this interview. I really appreciate it.
- Interviewee 4 : You are welcome.
- Researcher : You are a senior member of this firm. Would you please tell me about your main responsibilities here?
- Interviewee 4 : I am a manager-level auditor. That means I supervise audit teams when there are audit engagements.
- Researcher : So how long have you worked at this firm?
- Interviewee 4 : I have worked here for three years. Before I started working here, I had worked for two different accounting firms. In total, I have ten years of experience in public accounting firms.
- Researcher : As you have had quite a long career in the public accounting profession, I am sure you are familiar with the judgement and decision-making processes during audits. Do you think making good judgements and audit decisions are challenging?
- Interviewee 4 : Certainly, yes. We conduct audit following the auditing standards, the Standar Profesional Akuntan Publik. But there no standards that provide auditors with a clear, specific, and detailed explanation about what to do. For example, when we need to determine the materiality level. What numbers are considered material? What is considered not? Also, when we need to test the impairment of assets. Is there any specific and detailed guideline to follow? Of course not. Auditors are expected to use their judgements. Only then, they will be able to make good decisions.
- Researcher : You sound very familiar with the process. Do you think it is easy for you to exercise judgements and make audit decisions or conclusion considering you have a long experience?
- Interviewee 4 : No, I am not saying that it is easy for me. Yes, I have some experience in the profession. But there are always new challenges. There are always complicated situations during evidence gathering, during the performance of audit procedures, and during the completion of audit fieldwork.
- Researcher : Do you have specific strategies to effectively make judgements and decisions, particularly when you face complicated situations?
- Interviewee 4 : There some strategies, but I would say that during a complicated situation, and with limited time, I rely on rules of thumbs. When forming opinions or making a judgment in complicated situations, I follow what is common in auditing. I mean, there is a certain consensus in making judgments or performing audit procedures, a consensus that is based on what is generally applied in auditing, things that are considered rules of thumbs. I follow these things to simplify the problems and speed up my work.
- Researcher : Does that mean you can ignore the audit program?
- Interviewee 4 : No, we do not ignore the audit program. The audit program is very important to guide auditors when performing audit tasks. But audit programs are not detailed in nature. I mean, we still have to interpret what the audit program says. We need to think about how to apply audit procedures. We still have to assess estimations made by clients. For all those things, audit programs do not provide us with specific standard operating procedures. Therefore, we need to make judgements based on conventions in auditing.
- Researcher : So how do you know that something can be considered a rule of thumb?
- Interviewee 4 : I learned from my experience. This is the importance of audit experience. The more experience you get, then the better you know about the rules of thumbs in auditing or financial reporting.
- Researcher : Thank you for sharing your views. It has been interesting talking to you.

Interviewee 4 : I has been my pleasure to talk to you.

## **Interviewee 5**

### **Position: Senior Auditor**

Researcher : Thank you very much for taking part in this interview. It is a pleasure to be able to talk to you.

Interviewee 5 : You are most welcome. I am happy to share my experience.

Researcher : You are a senior auditor. What are your main responsibilities? And how long have you worked here?

Interviewee 5 : I am a senior member of the audit team when there is an assignment. As a senior auditor, I am supervised by the supervisor, who leads the team. But for a smaller client, I sometimes take the position as the team leader. I have worked here for about four years

Researcher : It seems that you have an important role in the audit team? Does your job involve a lot of judgement and decision making?

Interviewee 5 : Yes, it does. I need to come up with judgements, decisions, and conclusions about various things during an audit assignment. From judgements about audit procedures, decisions whether the amount of evidence is sufficient, and the conclusions whether the evidence gathered is sufficient to justify that a financial statement item has been presented fairly in accordance to accounting standards.

Researcher : That means your position requires you to make a lot of important judgments and decisions. Do you have any specific strategies to make those judgements and decisions?

Interviewee 5 : When making judgements and decision, I always consult the audit program—the more detailed the audit program, the better. But surely there are things that are not covered by the audit program. The things that are specific for each client. In this situation, I will improvise. I will follow what is commonly used by auditors—the common wisdom in auditing.

Researcher : How do you determine that something, such as an alternative audit procedure to make a judgement, is common audit wisdom?

Interviewee 5 : I rely on past experiences. Past experiences regarding audit circumstances or events, particularly the ones that happen quite frequently are a big influence for me when I make judgments. Those past events come up easily in my mind when I come across a similar event during an audit assignment. When making judgments, I reflect on the way my colleagues or I responded to similar issues that we frequently encountered previously

Researcher : How can you be so sure that your experiences with certain events in the past can be applied in the current audit assignments?

Interviewee 5 : Because of many similar events or, let us say, audit issues, frequently occur during audit fieldworks at more than one companies, particularly companies within the same industry. When we come across those issues at a client, we will find answers. These answers tend to be applicable to similar issues at other client companies. When this has happened many times, we auditors will be familiar with the audit issues and how to respond to these issues.

Researcher : Is there any possibility that you will question your past experiences before applying them to an audit issue?

Interviewee 5 : Yes, at times, I will review my past experiences before applying them. Past experiences will serve as the initial response to certain situations. It can be revised when we have learned new information, or we think that the current issues do not exactly the same as the previous ones we encountered. So, relying on our knowledge based on prior experiences does not necessarily mean that we can ignore the characteristics of the current situation.

Researcher : That is so interesting. Thank you so much for sharing your views with me.  
Interviewee 5 : Thank you. I hope that helps your studies.

**Interviewee 6**  
**Position: Manager**

Researcher : Thank you for allowing me to talk to you. I really appreciate it.  
Interviewee 6 : You are welcome. I hope I can help you with your research. What is it about again?  
Researcher : My research is about the professional judgements and decisions made by auditors. I am sure in your current position you often make audit judgements and decisions.  
Interviewee 6 : Oh, yes. Audit judgement. It is very important. It determines the quality of our work. I have been working as an auditor for about seven years, and I can tell you that good judgement is a key to a good quality audit.  
Researcher : Why is that?  
Interviewee 6 : Well, judgments determine our decisions. We need to decide many things during the audit. Of course, there is an audit program for each assignment, but an audit program will not give us detailed procedures. We will need to rely on our judgements when performing the audit tasks.  
Researcher : So, what helps you the most when making judgements?  
Interviewee 6 : My experience certainly helps me a lot. I have learned along the way. I use my past experiences when I come across an event or a situation that is similar to the one that I experienced in the previous assignments.  
Researcher : Can you elaborate on how your past experience help you make good audit judgements?  
Interviewee 6 : The things that we often see, learn, or encounter will stay in our subconscious minds. This will help us make judgments intuitively. The same is true for the audit. What I have learned in auditing practice will stay in my subconscious mind, and it will come up easily when I need it. I am a firm believer in intuitive judgment and decision making. I believe that good audit judgement depends on the intuition of the auditors. People cannot learn this in university. This is a matter of experience. Someone will only acquire this intuitive skill in making a judgement by spending time in the profession.  
Researcher : You said that you trusted your intuition. Are you not afraid that your intuition may mislead you?  
Interviewee 6 : I have been in various audit situations where my intuitions worked very well, so I do not think this way of making judgment is wrong. Besides, in the real audit situations, things can be very complicated, and we have a limited amount of time. Then naturally, we have to make decisions quickly. Using intuition can be a good strategy, and it is effective.  
Researcher : There is an audit program for each audit assignment. Is this not sufficient to help you when making decisions? Why do you still need to use your intuition when there is an audit program?  
Interviewee 6 : The audit program is very important to guide us during the performance of audit. The procedures listed there give us clear direction on what to do in every phase of the audit. But the audit program cannot predict everything that will happen during an audit fieldwork. Of course, over time we can formulate better and better audit programs. But still, they cannot contain detailed audit “recipe”. That is why during certain situations we need to make decisions quickly.  
Researcher : Thank you for so much for sharing your views with me.  
Interviewee 6 : You are welcome.

## **Interviewee 7**

### **Position: Senior Auditor**

Researcher : Thank you for taking part in this interview.

Interviewee 7 : Not a problem. It is my pleasure to share my experience to you.

Researcher : I am doing research about the way auditors make judgements and decisions. I will start by asking questions about your length of experience and your current position at this firm. Could you please tell me about those things?

Interviewee 7 : Sure, yes. My current position is Senior Auditor. I have worked in this firm for two years. Before working here, I had worked for a different accounting firm for about four years. I moved here because my old accounting firm did a merger with another firm, so I decided to move here.

Researcher : You are certainly involved in many audit fieldworks. Would you please tell me what are your main responsibilities in an audit assignment?

Interviewee 7 : As a senior auditor I work under the supervision of a supervisor who normally leads an audit team. But most of the time I am in charge for audit fieldworks, particularly during the evidence gathering. I help decide the audit sample size, perform the substantive test, decide on the materiality thresholds, assess the trustworthiness of audit evidence, and many other things.

Researcher : Do these activities require you to exercise judgments?

Interviewee 7 : Oh yes. I make judgements all the time. The audit program does not give me specific procedure to follow. For instance, it asks me to assess the collectability of receivables by doing certain tests regarding the ability of the customer to repay a loan. You know, estimating the ability of customers to repay its loan is matter of judgement. And there are a lot situations where auditors need to exercise their judgements.

Researcher : How do you make judgements? If, like you said, judgement is important in audit, you certainly cannot make judgements haphazardly.

Interviewee 7 : Yes, I follow some strategies in making judgements. I do not make them randomly, or out of the blue. I normally start my judgment-making process by getting one starting point, normally a number. Then, I will use this number as a reference when making judgments. The number can come from many things. Be they my past experiences, the rules of thumbs in auditing, or some initial information that we gather during audit fieldworks. For example, when deciding on the appropriate amount of allowance for doubtful accounts, I will try to get an average number in the industry and use this as a reference. From that starting point, I move forward, revise the starting pint where needed, and make certain conclusions at the end of the process.

Researcher : Is it a common strategy among auditors?

Interviewee 7 : I think it is. And I think it is a common strategy when making decisions in various daily life situations.

Researcher : The question is, how do auditors come up with the starting point that you mentioned before?

Interviewee 7 : This is a good question. The starting point can come from various sources. It can be from my past experiences. It can come from what commonly used in audit. It can come from rules of thumb. It can come from the first convincing information that we encounter during the fieldwork.

Researcher : Then what guides you when revising that initial point?

Interviewee 7 : The audit procedures. We follow the audit procedures, and when these procedures give us new information then we will review the initial point. The new information can confirm our initial point, or it can change the point.

Researcher : Thank you for sharing your thoughts with me. It has been nice talking to you.

Interviewee 7 : You are most welcome.

## **Interviewee 8**

### **Position: Partner**

Researcher : Good morning. Thank you for taking the time to participate in this research. I really appreciate it that you are willing to spend your time for this interview.

Interviewee 8 : It is my pleasure. I hope this interview can provide you with useful information for your research. So where do we start?

Researcher : I would like to know a bit about your career in the accounting profession. You are still young, but you are already a partner in this profession.

Interviewee 8 : I started my career in the public accounting profession 15 years ago. I started as a junior, climbed up the career ladder until I became a manager. Then I sat in the CPA examination and passed the exam. Then I became a partner.

Researcher : Being a partner means that you are responsible for the overall audit engagement, particularly if you are a partner in charge for an audit of a client company. How do you translate that responsibility to the audit work?

Interviewee 8 : Yes, as a partner, I hold the responsibility for the whole audit engagement for a client. I oversee the work of the managers, who in turn supervise the supervisors. Our accounting firm uses a hierarchical review process, where the more senior positions will review the work of the more junior ones. So, a lot of my responsibilities translate to reviewing the work of my subordinates. I review their judgements, decisions, conclusions. Where needed, I also give them guidance about how to make decisions during fieldwork, because I will not be there with them every day in the fieldwork.

Researcher : So, you review the judgements made by your subordinates. Is it a critical work to do?

Interviewee 8 : It certainly is. There is audit program for every audit engagement. The program is tailored to the industry classification of the client, the business environment of the client, and the financial reporting environment of the client. The program lists audit procedures that should be followed by auditors in during the fieldwork. But a lot of things cannot be made precise in the audit program. A lot of audit tests involve the use judgements. Right from the beginning, from the evaluation of a client's internal control. Determination of audit risks. It continues to the substantive tests and conclusion drawing. All those judgements need to be reviewed.

Researcher : You said audit program cannot be precise. Why do you think is it?

Interviewee 8 : I think it has something to do with the conditions in the field. We cannot predict everything in the field. Many things can happen, where auditors need to improvise their audit approaches.

Interviewee 8 : But there are auditing standards. Do they not provide auditors with specific guidance?

Researcher : Auditing standards provide principles about how audit should be conducted, but they do not provide us with detailed checklists about what to do in the field. And auditing standards certainly do not provide auditors with clear-cut guidance about how to make judgements.

Researcher : Does that mean auditors can make judgements randomly, depending on the situation in the field? ]

Interviewee 8 : Oh no, no. Not at all. Auditors have to exercise their judgements carefully. Judgments cannot be made haphazardly. They cannot be made unsystematically either. An auditor needs a relevant reference, a starting point. This starting point is critical; that is why the auditor has to select this starting point very carefully. This can be a

number, a standard, a percentage, or others. Then, after the starting point is found, the auditor can make judgments based on this reference then keep revising the judgments as new information is gathered. This is what I call a systematic way of making good judgments.

Researcher : It is so interesting to now. Thank you so much for sharing your experience with me. I really appreciate it.

Interviewee 8 : You are welcome. And thank you too for the discussion.

## **Interviewee 9**

### **Position: Partner**

Researcher : Thank you very much for taking part in this interview. I really appreciate it. I understand that you have a busy schedule today.

Interviewee 9 : That is okay. I am happy to talk to you.

Researcher : You are a partner at this firm. What are your main responsibilities? And how long have you been a partner?

Interviewee 9 : Yes, I am a partner. When I am in charge for an audit engagement then I will oversee the whole audit process for a particular client. I have been a partner for two years. I have been an auditor for about 17 years.

Researcher : You have an important role in an audit engagement. Do your responsibilities involve judgement and decision making?

Interviewee 9 : Yes, they do. I make judgements, decisions, and conclusions about various things during an audit assignment based on the work of the audit teams. I review the judgements about audit procedures, decisions about the amount of evidence, conclusion whether the evidence is acceptable to justify audit conclusion, and finally judgement about whether the financial statements being audited have been presented fairly in accordance to accounting standards.

Researcher : That means as a partner you have to make a lot of important judgments and decisions. Do you have any specific strategies to make those judgements and decisions?

Interviewee 9 : I rely on audit programs. They contain all audit procedures, including the guideline for making judgements. A more detailed audit program will result in a better audit quality. However, an audit program cannot cover everything in detailed. There are certain specific events or issues that are specific for each client that are not covered by the audit program. In this situation, auditor need to improvise. Normally auditors will follow the convention, or the common wisdom that are normally applied in auditing.

Researcher : How do auditors know that something is a common audit wisdom?

Interviewee 9 : Auditors rely on their experience. Knowledge that comes from past experiences concerning audit will provide auditors with those conventions. For me personally, my past experiences when reviewing the work of my team would come up easily in my mind when I have to make judgements and decisions.

Researcher : How can you be so sure that your experiences with certain events in the past can be applied in the current audit assignments?

Interviewee 9 : During an audit assignment, many similar events from the past assignment will occur frequently, normally in companies that are similar. When I come across certain issues at a new client, I will find answers from my past assignments. These answers tend to be applicable to similar issues at other client companies. Along the way, I will be familiar with the audit issues and how to respond to these issues.

Researcher : Do you review your responses that are based on past experiences before you can apply them to a new audit situation?

Interviewee 9 : Sure. Past experiences give me an initial point of reference. I will constantly review them based on the current situation or new information.

Researcher : Does that speed up the judgement making process?



Interviewee 9 : Yes, it does. When the amount time to complete the audit fieldwork is limited, we surely need to rely on shortcuts to decisions. One of the ways is to use judgements based on our past experience. These shortcuts are important to speed up the audit.

Researcher : Do you think that will reduce audit quality?

Interviewee 9 : No, I do not think so. Because we always follow closely the Standar Profesional Akuntan Publik.

Researcher : Thank you so much for sharing your views with me. It has been nice to have a discussion with you.

Interviewee 9 : The same to you. I am glad to be able to share my experience.

## **Interviewee 10**

### **Position: Senior Auditor**

Researcher : Thank you so much for participating in this study.

Interviewee 10 : It is my pleasure.

Researcher : You are a senior auditor in this accounting firm. In total, how long have you worked for a public accounting firm?

Interviewee 10 : I have been an auditor for about four years.

Researcher : Do you make a lot of judgments or decisions?

Interviewee 10 : Not judgements about the overall audit results. But I do make judgements about evidence collection.

Researcher : How do you make the judgments?

Interviewee 10 : I follow the audit program. I consult the procedure for every audit objective. When there is no detailed guidance, I will rely on my gut feeling.

Researcher : Don't you think that will reduce the quality of the audit?

Interviewee 10 : So long as we follow the auditing standards, then I think that should be okay. Besides, some procedures outlined in the audit program are not that detailed, so I need to improvise.

Researcher : How do you know that you make correct judgments and decisions when you use a modified audit program?

Interviewee 10 : I rely on my experience. My experience taught me how to respond to different audit situations.

Researcher : Can you please elaborate how your experience is useful when making judgements?

Interviewee 10 : Every audit assignment is unique because every company has its characteristics. But there are similarities across companies. For example, there are similarities in commercial banks in Indonesia in terms of their business environment. During an audit engagement, I would find many issues or problems. I also find certain transactions that are unique. When I have the solutions or answers to those problems, I will keep these solutions in my mind. Next time I face a similar situation, I will be able to retrieve the solutions from my memory.

Researcher : How do those solutions come from your memory?

Interviewee 10 : Often times they come out from my memory spontaneously. That is, every time I come across a situation that I have had faced previously, the response based on my prior experience will just come up easily. That enables me to come up with solutions to the current problem easily.

Researcher : But there are audit procedures that you should follow. Does that mean you do not have to follow the audit procedures?

Interviewee 10 : Of course, I follow the audit procedures. But there are times where the audit procedures cannot be applied thoroughly because they are not relevant to the client. Also, there are situation where we can use alternative audit procedures, particularly something that can speed up the audit process.

Researcher : When you use a strategy that can speed up the judgement making process, have you ever thought that the strategy can impair the quality of your judgement?

Interviewee 10 : No, I do not think that will hamper my judgement. In real audit situation it is okay to use your intuition. So, I consider what I do in this strategy is that I use my intuition. Using intuition does not mean that I ignore the standard audit procedures. I still follow them, but I use strategies that can speed up the audit tests. Besides, all of our judgements and decisions will be reviewed by the manager and by the partner. So, there is a quality control mechanism.

Researcher : Thank you for sharing your views with me.

Interviewee 10 : My pleasure.

## **Interviewee 11**

### **Position: Senior Auditor**

Researcher : Thank you so much for your willingness to talk to me.

Interviewee 11 : No problem. I am happy to talk to you.

Researcher : You are a senior auditor in this firm. Would you please tell me more about yourself?

Interviewee 11 : I am a senior auditor at this accounting firm. I started working here around five years ago.

Researcher : You are a senior auditor. Does that mean you supervise of the more junior staff members?

Interviewee 11 : No, not necessarily. But I do work closely with junior auditors in an audit team. We are supervised by the team leader.

Researcher : I am interested to know the way you and your team-mates make audit judgements. How is it like to make judgements in a team?

Interviewee 11 : The judgement making process in the team involves all members of the team. We discuss every audit matter and make decisions together. For example, in the evidence gathering process. When doing audit fieldwork, the team may face situations that we are not familiar with. Usually, the junior auditors because they do not have much experience. They are not confident to make judgements on their own. Therefore we, the team, will decide on the issues. The team will increase their confidence to make judgements concerning audit situations.

Researcher : Do the senior auditors like you and the team leaders give them detailed direction when making judgements?

Interviewee 11 : We will try to do that. But most of the time we also ask for their views. I mean the views of the junior auditors. We encourage them to express their opinions. But most of the time they are not willing to. Probably they are not confident.

Researcher : So, is it the more senior members of the team tell them what to do?

Interviewee 11 : Most of the time, yes. All members of the team will agree on what to do or how to respond to certain audit situations.

Researcher : Have you ever made judgements made based on prior experience? Probably when you performed audit tasks in the field.

Interviewee 11 : Yes, I have done it quite often. I and the other team members often make judgements and decisions based on what we did in their prior assignments.

Researcher : Can you please elaborate on the process? Perhaps you can give me some examples?

Interviewee 11 : During an audit fieldwork, we work in a team. We will follow the procedures listed in the audit program. The procedures are not precise in nature. For example, the materiality level. The basis for evaluating estimates made by the client, such as useful life of assets. For these matters, we will follow the basic rules in auditing, the ones that we will use from one company to another. But, of course, we will check if these rules are applicable in the client being audited.

Researcher : That means there are rules of thumb?

Interviewee 11 : I think there are. There are many general principles in auditing and also in accounting. The level of materiality is one example. There is no rule that says how much is material. But there are general basic principles. Such as 1 per cent from

total assets or revenue. Or it can be other percentage. It depends on the characteristics of the clients for sure.

Researcher : Do you document this judgment making process in your audit working paper?

Interviewee 11 : Yes, I record that in the audit working paper. I take notes about what we do to come up with the judgements and decisions. Later, the manager and partner will review our work. Sometimes we are asked to revise our judgements. When this happens, we will be expected to gather more evidence because our judgements have changed. This will prolong the audit fieldwork.

Researcher : Thank you so much for this interview. I appreciate your help.

Interviewee 11 : You are welcome.

### **Interviewee 12**

#### **Position: Senior Auditor**

Researcher : Good morning and thank you so much for taking part in this interview. I really appreciate it.

Interviewee 12 : You are welcome.

Researcher : You are a senior auditor. How long have you worked at this firm?

Interviewee 12 : I have worked here for six years.

Researcher : I am sure you are familiar with judgement and decision-making in auditing. Do you think making good judgements and audit decisions are difficult?

Interviewee 12 : I think it is challenging. We make judgments when there is no specific rule to follow. Therefore, the judgements can be very subjective. But there are guidelines to make good judgments. So, if we follow closely these guidelines, we can come up with good judgements. And the audit decisions that are based on these judgements will also be accurate.

Researcher : You mention that there are guidelines for making judgements. Can you please tell me more about them?

Interviewee 12 : By guidelines I mean something that can guide me when I make judgements, but these do not necessarily mean written guidelines. The written ones are the audit programs and the audit procedures. The guidelines for making judgements are not written. I learned about those guidelines in the field.

Researcher : What are those guidelines like?

Interviewee 12 : They are strategies, something that can be applied during complicated audit situation, and within limited time. Some of them are rules of thumbs. When formulating judgments or making decisions without detailed information, I follow these rules of thumbs. There are many general principles in audit procedures, principles that are based on what is generally applied in auditing. These things are considered rules of thumbs. I follow these rules of thumbs as guidance when making judgements.

Researcher : If you follow rules of thumb, what is the role of the audit program?

Interviewee 12 : Using rules of thumbs does not mean that I ignore the audit program. The audit program provides guidance about the whole audit process. I use rules of thumb only when I have to make judgements when there are no specific rules of procedures that can be followed. Audit programs do not contain detailed procedures. Auditors still need to interpret what the audit program consists of. Auditors need to think about how to apply specific audit procedures.

Researcher : Can you give me examples?

Interviewee 12 : When we need to assess the collectability of account receivables, we cannot have detailed and specific procedures. There are no numbers as a standard. We need to use our judgements. In this situation, a rule of thumb can be effective as a starting point.

Researcher : You said that the rules of thumb can be a starting point. What does that mean?

Interviewee 12 : I mean the rules of thumb serve as an initial reference. I do not always follow the rules of thumb as they are. I When using the rules of thumb, I will consider the

present situation, that is the characteristics of the present client. If I need to make certain adjustments to those rules of thumbs, I will just simply make them. There are also new information coming in from the evidence gathering process. These new information sometimes make the rules of thumbs not relevant. In that case I will abandon the rules of thumbs. I will use what is most relevant for the current client.

Researcher : Thank you for sharing your views. It has been interesting talking to you.

Interviewee 12 : It has been my pleasure to talk to you.

### **Interviewee 13**

#### **Position: Manager**

Researcher : Thank you very much for taking part in this interview. It is a pleasure to be able to talk to you.

Interviewee 13 : You are welcome. I am glad to talk to you.

Researcher : You are a manager. What are your main responsibilities?

Interviewee 13 : As a manager, I supervise audit teams when there are audit assignments. I work closely with the team leaders, where I review their work. I also work closely with the partner when they review my work.

Researcher : How long have you been an auditor?

Interviewee 13 : I have worked as an auditor for eight years.

Researcher : You certainly have an important role in the audit team. In what area do you mostly make judgements and decisions?

Interviewee 13 : I make judgements and decisions in relation to various things during an audit assignment. From judgements about the strength of internal control of the client, judgement about the sufficiency of audit evidence, judgement about the recognition criteria used by the client, also the measurement criteria. I also make judgements about the accuracy of conclusions drawn from audit fieldworks.

Researcher : You make a lot of important judgments and decisions. How do you make those judgements? Do you have any specific strategies?

Interviewee 13 : I follow the audit program. Audit judgements are part of the procedures that we need to perform during an audit engagement. For certain things that are unique and not covered in detailed by the audit program, I will use general strategies. I mean, the way I respond to audit situation based on my past experiences. There are many general principles in auditing that are flexible, that can be implemented in many situations.

Researcher : How do you determine that something, such as an alternative audit procedure to make judgement, is a general principle?

Interviewee 13 : I use knowledge that I have gained from my experience. Past experiences concerning financial reporting issues, particularly issues that occur frequently can be very crucial when formulating judgements in the current assignment.

Researcher : How does that knowledge help you? In what way?

Interviewee 13 : The knowledge makes me know what to do when I come across certain audit or financial reporting problems. If I have come across these events in the past, then I will know what to do. Those past events will come up easily in my memory. In making judgments, I reflect on how I made decisions or judgements in the past.

Researcher : How can you be so sure that your experiences with certain events in the past can be applied in the current audit assignments?

Interviewee 13 : Not all past experiences can be implemented in the current assignments. Only issues, problems, events, transactions, business environment, and other characteristics that are similar to the past experience will be relevant to the current

- engagement. The way I responded to certain situation in the past will normally applicable to the current audit assignment if the characteristics are similar.
- Researcher : Do you question your past experiences with certain issues before responding to those issues in the current assignment?
- Interviewee 13 : I surely do. I check my past experiences before using them in the current assignment. Past experiences give me first answer to a current question, but not necessarily the final answer or the best answer. I will revise that first answer if I need to. I will consult the audit program, I will consider new information from the current assignment, I will also check the business environment of the client.
- Researcher : That is so interesting. Thank you so much for sharing your views with me.
- Interviewee 13 : Thank you.

## **Interviewee 14 and Interviewee 15**

### **Position: Junior Auditor**

- Researcher : Thank you for agreeing to be interviewed. I really appreciate it.
- Interviewee 14 : You are welcome. I am happy to help with your research. But, you know, I am new here. I will probably not be able to answer difficult questions concerning auditing.
- Interviewee 15 : That is okay. This is the first time I am participating in a study about auditing.
- Researcher : Oh, that is not a problem. I am not going to ask you technical audit questions. Instead, I would like to hear your views regarding your job. Let us start with your daily job as an auditor. You said that you were junior auditors? How long have you two worked here?
- Interviewee 14 : I have worked here for about one year.
- Interviewee 15 : I have worked here for about two years.
- Researcher : As junior auditors, do you get detailed supervision from the senior auditors or supervisors?
- Interviewee 14 : My supervisor supervises my work. Also, the more senior members of the team give me direction on the things that I need to do during an audit fieldwork. However, I will not say that the supervision is detailed. I am expected to discover the answers to the questions that I encounter during the audit fieldwork, so I will learn. When I have already had some answers or some initial thoughts, I will discuss this to the senior auditors and the team leader.
- Researcher : Does that mean you are involved in the process of making judgements or decisions when you perform audit procedures?
- Interviewee 15 : Well, I am involved in the decision-making process, but only to the extent that I express my views. The final decisions or conclusions will be made by the team leader, where in turn they will convey it to the manager.
- Researcher : What if your opinion regarding an audit matter is ignored by the other team members, by the senior auditors, or by the team leader. Will you insist on your views? Probably you will seek support or backing from the manager or other staff members?
- Interviewee 14 : No, no. As a junior auditor I know my place. I am sure the other team members know better than me. Also, I do not like to force my views to them. I think having different opinions will not contribute anything to the team but instead will damage the team. Arguing with other team members, let alone with the team leader, will destroy harmony in our team. I tend to accept what the team leader says or what my senior colleagues think so that I can contribute to maintaining harmony in the team. I believe this is our culture.
- Researcher : What makes you think that the more senior auditors are better than you?
- Interviewee 15 : Their experience. They have worked for longer than me, so I am sure they know better than me about audit. I learn from what I have done so far that a lot of things in audit fieldworks are based on experience, and not the textbooks. I learned auditing

in university, but I did not know much until I started working at a public accounting firm. In my current position, I think it is best for me to learn more from the senior staff at this accounting firm.

Researcher : Do you often see audit judgement made based on prior experience or rules of thumb?

Interviewee 15 : I think the senior auditors with whom I work use their experience most of the time. They say that certain things occur in every company, so there are similarities.

Researcher : Do you learn judgement making process at this accounting firm?

Interviewee 15 : I have learned a bit about those judgements and decisions. The senior auditors also teach me that I should pay attention to any case or issue during the current assignment so that next time I come across a similar case then I will have some answers to that.

Researcher : Thank you so much for sharing your thoughts with me. Good luck with your career.

Interviewee 14 : You are welcome. Good luck with your research too.

Interviewee 15 : The same to you. Good luck to you too.