

Benefits and Challenges of Digital Audit Implementation in the Malaysian Public Sector: Evidence from the Accountant General's Department of Malaysia

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Abstract

Purpose: The current study aims to investigate the important benefits or advantages of digital audit implementation perceived by the internal auditors of the Accountant General's Department of Malaysia (AGD), and examine the significant challenges faced by the AGD auditors in implementing digital audit.

Design/ Methodology/ Approach: A focus group discussion was conducted with AGD officers involved in digital audit implementation and a questionnaire survey was distributed to the AGD auditors to achieve the research objectives. All 124 auditors responded and returned the completed questionnaire. Thematic analysis was performed on the transcription of the focus group discussion while descriptive statistics of mean scores, standard deviations, and mean score ranking were utilised to analyse the questionnaire data.

Findings: The top five ranked benefits of digital audit implementation perceived by the respondents were improving the quality of audit report, increasing the efficiency of audit, assisting auditors in identifying material misstatements, improving the quality of the audit processes and enhancing audit effectiveness. The top three challenges were requiring additional education and training to acquire the necessary digital skills, high implementation costs and the risk of data security (leakage) and confidentiality.

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Originality/ Value: The present study contributes to the existing limited empirical evidence on the fundamental advantages and challenges of digital audit implementation despite various conceptual discussions on the two implementation aspects.

Keywords: Digital audit, public sector, advantages, challenges, internal audit