
ASSESSING THE READINESS TO IMPLEMENT QUALITY MANAGEMENT STANDARDS 1

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ABSTRACT

The transition from Quality Control Standard 1 (SPM 1) to Quality Management Standard 1 (SMM 1) in Indonesia, aligned with ISQM 1, presents challenges for Public Accounting Firms (KAPs), especially small, individual ones. With SMM 1 enforcement set for December 31, 2025, by the Indonesian Institute of Public Accountants (IAPI), assessing KAP readiness is vital for compliance and audit quality. This study evaluates the readiness of KAP MUN's individual KAP in Indonesia for SMM 1 implementation, identifying preparation gaps and offering strategic recommendations to improve compliance and effectiveness. Using a qualitative approach with a single case study design, this research targets KAP MUN. Primary data came from semi-structured interviews with key personnel (partner, manager, auditor, administrative staff). Secondary data were drawn from KAP MUN's policies, IAPI/IFAC standards, and regulations. Analysis used descriptive qualitative methods, including content and thematic analysis via NVivo 15, guided by IFAC Small Firm Implementation Installment and Three Key Determinants of Implementation Capability. KAP MUN has started preparations, assigning a project leader and grasping SMM 1's essence, but struggles with quality objectives, risk assessments, role assignments, and documentation. Readiness is limited by inadequate knowledge, scarce human resources, budget constraints, and minimal external support, despite a supportive internal culture. This study underscores the need for tailored training and regulatory support for small KAPs like KAP MUN. It offers practical insights for addressing gaps and guides policymakers in enhancing audit quality in Indonesia through targeted interventions.

KEYWORDS *Readiness, Standard on Quality Management 1, IFAC Small Firm Implementation Installment Indicator*



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INTRODUCTION

In accordance with Law Number 40 of 2007 concerning Limited Liability Companies, Article 29 and Article 68, every company in Indonesia is required to

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prepare and report financial statements that have been audited by a public accountant (Ayu Kusumawardani et al., 2024; Brehm et al., 2025). This legal obligation is intended to enhance the transparency and accountability of financial statements, especially for public sector entities or those utilizing public funds. The requirement ensures that financial reporting adheres to high standards of accuracy and reliability, fostering trust among stakeholders (Yin, 2014).

Additionally, the Financial Services Authority (OJK) mandates that entities in the financial sector, including banks, insurance companies, and non-bank financial institutions, must have their financial statements audited by independent public accountants (Financial Services Authority of the (I. A. P. Indonesia, 2024; P. R. Indonesia, 2011) This audit process aims to provide an independent opinion on the fairness of financial statements in accordance with applicable accounting standards. Such an opinion is crucial for boosting stakeholder confidence and ensuring that financial statements are free from material misstatements due to errors or fraud.

To achieve this, public accountants employ rigorous quality control systems and strict audit procedures, which include substantive testing, internal control evaluations, and comprehensive risk assessments to identify potential errors or fraud in financial statements (I. A. P. Indonesia, 2023). The implementation of quality control systems at Public Accounting Firms (KAP) is designed to minimize the risk of non-compliance with professional standards and to prevent biased or inaccurate audit outcomes (Accountant, 2022). These systems ensure that personnel involved in engagements possess the necessary skills, knowledge, and ethical standards to perform their duties effectively (N, 2024).

Moreover, the quality control system aids in detecting and correcting potential deficiencies in the audit process, thereby supporting adherence to professional standards and reinforcing public trust in the audit results issued by KAP (IAPI, 2018). The Indonesian Institute of Public Accountants (IAPI) has played a significant role in this area by implementing Quality Control Standard 1 (SPM 1) since January 1, 2013, adapted from the International Standard on Quality Control 1 (ISQC 1) by the International Auditing and Assurance Standards Board (IAASB) (IAPI, 2011). With the evolution of international standards, IAPI has also moved towards adopting the International Standard on Quality Management 1 (ISQM 1) as Quality Management Standard 1 (SMM 1), with plans for enforcement by December 31, 2025 (IAPI, 2024).

Despite these advancements, audit practices in Indonesia face significant challenges in maintaining audit quality and effective quality control. High-profile cases, such as the sanctions imposed by OJK on Sherly Jokom of KAP Purwanto, Sungkoro, and Surja (EY Indonesia) for income overstatement in PT Hanson International Tbk's 2016 financial statements, highlight these issues (I. A. P. Indonesia, 2018). Other instances include sanctions on Kasner Sirumpea of KAP Tanubrata, Sutanto, Fahmi, Bambang & Rekan (BDO Indonesia) and investigations into KAP Amir Abadi Jusuf, Aryanto, Mawar & Rekan (RSM Indonesia), underscoring the critical need for stringent quality control to protect public interest and maintain the integrity of financial reporting (Ministry of Finance, 2024).

This study focuses on the readiness of KAP MUN, an individual KAP, for the implementation of SMM 1, emphasizing its role in sustainably improving quality within such firms. To strengthen quality control, SMM 1 introduces significant changes, including new components like risk assessment processes and enhanced resource considerations (IAPI, 2024). Given that individual KAPs, like KAP MUN, represent a dominant form in Indonesia, with 219 out of 488 active KAPs being individual as of July 29, 2024, their unique operational and decision-making structures make them a critical focus for assessing readiness (Ministry of Finance of the Republic of Indonesia, 2024).

The novelty of this research lies in its exploration of the relatively undiscussed SMM 1, utilizing frameworks such as the IFAC Small Firm Implementation Installment and key determinants of implementation capability to analyze readiness at KAP MUN IFAC (2022). Building on prior studies like Lubenchenko et al. (2022) and Pisani (2022), this research aims to provide strategic recommendations for KAP MUN to prepare for SMM 1 implementation effectively. It also evaluates organizational readiness through indicators such as task demands, resource availability, and situational factors, ensuring a comprehensive assessment of the firm's capacity to adapt to new quality management standards (Rahmawati & Hastuti, 2023).

The current research on the readiness of KAP MUN, an individual Public Accounting Firm (KAP) in Indonesia, for implementing Quality Management Standard 1 (SMM 1) stands out due to the limited exploration of this topic in existing literature, uniquely integrating the IFAC Small Firm Implementation Installment and the Three Key Determinants of Implementation Capability Weiner (2009) to assess readiness, unlike broader studies such as Lubenchenko et al. (2022) and Manae & Bratu (2023), which examined differences between ISQC 1 and ISQM 1 and their general impact on KAPs. In contrast to Pisani (2022), who focused on ISQM 1's impact on local KAPs in Malta, this study addresses the Indonesian context and specific challenges for small KAPs like KAP MUN. It also differs from Suryo & Nugraha (2019), who explored Quality Control Standards' effect on professionalism in Bandung, by targeting readiness for SMM 1 and its operational implications at KAP MUN, and from Basworo et al. (2021) Sumardjo and Nopiyanti (2021), who studied the effect of quality control on audit quality generally, by focusing on preparatory barriers for SMM 1. Additionally, unlike Hartono (2022) This research evaluated SPM 1 implementation and looks forward to the SMM 1 transition with a case-specific lens. Through its targeted, single-case approach, it offers fresh insights into practical challenges and strategic needs for small KAPs in Indonesia.

RESEARCH METHOD

This study employs a qualitative approach with a case study method to evaluate the readiness of KAP MUN in implementing SMM 1. The research adopts an evaluation condition with a single case study design and a single unit of analysis, focusing solely on KAP MUN. This approach is deemed suitable to obtain a detailed and comprehensive understanding of the readiness for SMM 1 implementation within this specific context (Rahadi, 2020).

The study utilizes both primary and secondary data for analysis. Primary data were gathered through interviews with key personnel at KAP MUN, including Mr. S as a partner, Mr. M as the manager, Mrs. H as an auditor and EQCR, and Mrs. T, who handles finance, HR administration, and external communication. Secondary data were sourced from KAP MUN's quality control system policies, SPM 1 and SMM 1 issued by IAPI, ISQC 1 and ISQM 1 from IFAC, and relevant regulations concerning public accountants, KAP, and quality control systems.

Interviews were conducted both face-to-face and online in a semi-structured format, using a pre-prepared list of questions while allowing the interviewees to develop their responses. With prior permission, the interviews were recorded, and the researcher noted important points. The interview results were transcribed for further in-depth analysis. Additionally, relevant documents such as KAP MUN's quality control policies and regulatory standards from IAPI and IFAC were collected and analyzed to address the research objectives.

After collecting all data and information, the researcher applied a descriptive qualitative analysis method. The analysis process involved several steps: first, determining the main criteria for each IFAC small firm implementation indicator, and three key determinants of implementation capability related to SMM 1. Second, a list of questions for semi-structured interviews will be compiled based on these criteria. Third, transcribing the interview results from recordings. Fourth, analyzing the transcripts using content and thematic analysis techniques with the assistance of NVivo 15 (Priyatni, 2020). Fifth, evaluating secondary data documents related to KAP MUN's quality control system. Finally, classifying the results of the interview and documentation evaluations into main ideas to answer the research questions (Alhojailan, 2012).

RESULT AND DISCUSSION

The results of the documentation analysis show that the KAP MUN quality management system still refers to the old version of the quality standard, namely SPM 1. This is evidenced by the unregulated two new quality components in the KAP risk assessment process, information and communication, and the two new subcomponents in the document, namely technical and intellectual resources, which are not regulated. Table 1 details the comparison between the quality management system of KAP MUN and SMM 1.

Table 1. Comparison of Quality Management Systems

Components of SMM 1	KAP MUN Quality Management System
KAP risk assessment process	Unregulated
Governance and leadership	Arranged
Relevant ethical provisions	Arranged
Acceptance and sustainability of relationships with specific clients and engagements	Arranged
Implementation of the alliance	Arranged
Resources	Not managing technological and intellectual resources
Information and communication	Unregulated

Monitoring and remediation process	Arranged
Source: IAPI, 2024; KAP MUN, 2024; Processed by researchers	

The researcher used the NVivo 15-word frequency menu, text search, and stop word list application to conduct content analysis and set the display to display the 30 words that appear most frequently and are relevant to the research objectives, as visualized in Figure 2. The result of this content analysis is a collection of keywords that reflect the thoughts or focus of the sources related to the researched topic.

The first word often spoken is "SMM," with a frequency of 199 words or 4.62%. In the context of this research phenomenon, the term "SMM" refers to SMM 1. The high frequency of use of this term shows that respondents are very focused on SMM 1. According to the source, SMM 1 is the latest quality management standard, which is a revision of SPM 1.

"The exposure draft of SMM 1 is a revision of the current standards. Where the function of SMM 1 is also to improve the quality management of KAP itself" (Resource person H)

The second word often spoken is "readiness" with a frequency of 87 words or 2.02%. According to the Great Dictionary of the Indonesian Language, readiness is a ready condition (Language Development and Development Agency, 2024). The use of the word readiness that often appears shows great concern from the speakers for the readiness of KAP MUN in implementing SMM 1. In this study, the term readiness refers to the extent to which KAP MUN is considered ready to implement SMM 1, based on the explanation provided by the resource person.

"The implementation of SMM 1 is quite realistic, especially if the readiness level is ok" (Resource Person T)

Furthermore, to conduct thematic analysis, the researcher used the NVivo 15 auto code menu application to automatically form themes and sub-themes. After utilizing the auto code feature, the researcher used features such as code properties, code selection, create as code, new code, and delete to ensure that the automatically formed theme and sub-theme reflected the main phenomenon being studied.

The first theme in this study is readiness, which includes the IFAC Installment sub-theme, task demands, resource availability, and situational factors. This theme is relevant to the focus of research that evaluates KAP MUN's readiness to implement SMM 1. To measure readiness, the researcher refers to four main indicators: IFAC Installment, task demands, resource availability, and situational factors.

The second theme is SMM 1, which has sub-themes including the risk assessment process, governance and leadership, resources, engagement, acceptance of client relationships, ethical provisions, information and communication, and monitoring. This theme is directly related to the main components of SMM 1, and the researcher will analyze KAP MUN's readiness to implement these eight components.

Readiness based on the IFAC Small Firm Implementation Installment.

The first step that needs to be taken by KAP in implementing the new quality management standard is to assign a Project Lead (IFAC, 2022). In the MUN KAP, this step is realized through the appointment of a partner as a project leader responsible for the supervision and implementation of standards, in accordance with the rule that in an individual KAP, the main partner automatically holds the role (Government of the Republic of Indonesia, 2011). Based on interviews with all sources, this appointment does not require a formal decree or the establishment of a special organizational structure. However, in practice, managers and staff are still involved to support the implementation of the project leader's duties and responsibilities. In practice, partners prioritize a firm and communicative approach to ensure all staff understand the importance of implementing quality standards. KAP MUN also has no formal plan to involve third parties in implementing the latest quality management standards.

The second step in the implementation of SMM 1 is Preparation – Pre-Reading and Preparation, which begins with understanding the essence of the standard through reading and deepening the material. All speakers stated that they had studied SMM 1 from various publications published by IAPI. In addition, they also attended public hearings and socialization related to SMM 1. KAP MUN partners also ensure that training materials from external parties are distributed to the entire team for study. KAP MUN uses an informal approach to build a team's understanding of SMM 1 through discussions and sharing materials without a structured formal training program. Partners and managers hold knowledge-sharing sessions in their daily work activities, which are considered more effective in improving personnel understanding. As an individual KAP, partners play a significant role in providing direction and ensuring communication related to SMM 1 principles to all staff. However, partners and managers acknowledge that their understanding of new components, such as the KAP risk assessment process, is still limited. Partners associate this component with the principles of Good Corporate Governance but have not yet fully understood its substance, while managers express doubts about the intent, scope, and implementation of this process in the standard. This suggests that although risk assessments may have been conducted informally before, their implementation has not been formalized in internal SPM policies.

The third step in the implementation of SMM 1 is brainstorming on Quality Objectives and completing risk Assessment (IFAC, 2022). Based on interviews with all resource persons (T, H, M, S), it is known that their understanding of the components of the KAP risk assessment process in SMM 1 is still limited. The interviewees admitted that they did not fully understand the essence of this component and had not documented the quality objectives and risk assessment in a structured manner in accordance with SMM 1. In addition, the preparation of the initial draft of the working paper for the risk assessment process has also not been carried out by KAP MUN. The main obstacle seems to lie in the inaccurate interpretation of the purpose of these components as well as the lack of specific guidance from regulators for small-scale KAPs. The speakers pointed out the existence of quality-based practices, but these practices have not been integrated into a formal approach that covers all aspects of quality as expected in SMM 1.

The fourth step in the implementation of SMM 1 is Assign Roles and Responsibilities (IFAC, 2022). Based on responses from all speakers, the determination of roles and responsibilities related to the implementation of SMM 1 at KAP MUN has not been formally carried out. Discussions between partners and managers regarding the implementation of SMM 1 have been conducted, but a detailed distribution of tasks to the staff level has not been realized. Currently, staff carry out daily operational duties based on existing responsibilities without adjustments to meet the needs of the SMM 1 standard. Although the partner acts as the project leader with the manager's support, the formalities in the division of tasks have not been implemented, so this fourth step has not been fully fulfilled.

The fifth step is Collect Information (IFAC, 2022). Based on the speakers' information, the information collection process for gap analysis in the implementation of SMM 1 has also not been carried out. Informal discussions between partners and managers only include initial identification of SMM 1 requirements, without formal documentation. The partner mentioned that limited resources and a lack of technical guidance are the main obstacles to formal documentation. This process is still in its early stages, focusing on a basic understanding of SMM 1 and plans to develop gap analysis steps in the future. In the information collection plan, partners plan to review existing internal SPMs and leverage previous audit documentation to identify quality improvement needs. However, this information has not been formally collected and still relies on initial assessments regarding the resources available in the KAP. Partners emphasized the importance of ensuring the availability of adequate human and financial resources to carry out gap analysis. This condition shows that KAP MUN has not fully followed the standard steps, which require the collection of information from various internal policies, including documents related to audits, human resources, and information technology.

The sixth step is to develop responses (IFAC, 2022). Based on the interview, resource person S revealed that KAP MUN has not implemented a response in accordance with SMM 1. This is also due to the lack of formal and documented identification of quality risks. Although the resource persons are aware of quality risks, such as the risk of high-risk client acceptance and material misrepresentation, the response measures taken are still reactive, based on personal experience, and depend on the specific case situation.

The seventh step is the Assess Documentation of SOQM and Communication (IFAC, 2022), which requires KAP to revise quality control system policies by adding, changing, or eliminating ineffective or duplicative policies or procedures. Until now, KAP MUN has not formally revised the existing quality control system policy.

Readiness based on the Three Key Determinants of Implementation Capability

In the first indicator, namely the demands of tasks, all the speakers in general have understood the change from SPM 1 to SMM 1, although their views on the level of complexity of the implementation of SMM 1 vary. Resource person T assessed that the implementation of SMM 1 is realistic if accompanied by careful

preparation. He believes that initial obstacles, such as adapting to processes and documentation, can be overcome through appropriate adjustments so that this standard can be implemented gradually without excessive burden. On the other hand, resource person H felt that SMM 1 would be a tough challenge for individual KAP, especially related to documentation and risk management. He highlighted the limitations of staff and financial resources as the main obstacles, coupled with a lack of understanding of new components such as the risk assessment process. M and S offered a more optimistic view. Both realized that the implementation of SMM 1 requires a deep understanding, especially of new components. According to resource person M, the main challenge is the high staff turnover, which can affect the consistency of work quality. Meanwhile, resource person S believes that although SMM 1 looks complex, its implementation will become easier once adequate understanding is achieved.

All speakers emphasized the importance of in-depth skills and knowledge to understand new components, especially the KAP risk assessment process. They acknowledged that the current quality control system policy is still guided by SPM 1, so the limited understanding of the risk assessment process affects the readiness of KAP in dealing with this change. Resource persons T and H also highlighted the need for additional training through learning directly from partners, utilizing platforms such as YouTube, and establishing communication with partners from other KAPs. This indicates the need for access to formal training and additional guidance to improve the technical competence of staff in implementing the new standard.

In terms of adjusting business processes, especially in risk assessment and documentation systems, all speakers agreed that the implementation of SMM 1 will require changes. Resource persons M and S noted that the old quality management policy still guides the business process at KAP MUN, so there have been no significant changes. However, they understand that with full adoption of SMM 1, adjustments will be required to meet the new standards, particularly in quality control and risk assessment.

Based on interviews with all resource persons, KAP MUN's readiness to implement the KAP risk assessment process components is still very limited. Resource person T acknowledged the lack of understanding of this process and stated that there has been no activity related to its implementation. Resource person H mentioned that although he had tried to learn the component, there were no clear and directed instructions from the partners, so the readiness for implementation was not enough. Resource person M understands the importance of this component, but highlighted that the KAP risk assessment process has not been formalized in the office's internal SPM, with the lack of clarity regarding the intent of the component being the main obstacle. Meanwhile, resource person S linked the risk assessment process to GCG principles, but acknowledged that this component has not been well integrated in internal SPM, and there is no clear understanding of its implementation. Overall, the readiness to implement this component is still low in terms of understanding, documentation, and direction from partners.

Regarding the readiness to implement governance and leadership components, although there have been efforts from partners and managers to

support quality and create a conducive work environment, several obstacles are still faced. Resource persons T and M noted the dominance of partners in decision-making as a significant challenge in individual KAP, which hinders collaboration in strengthening readiness to implement quality standards. They suggest that partners be more open to input from the team. Speaker H gave a positive view of the commitment of partners and managers, but highlighted the low presence of managers in the office, which is considered important to support the internalization of quality values in the organization. This gap in manager engagement is considered to have the potential to affect the implementation of a quality culture at the staff level.

In terms of readiness to implement the relevant components of ethical provisions, KAP MUN has sought to maintain ethical principles such as independence, objectivity, confidentiality, integrity, open communication, and professionalism. However, interviewees T and H noted that despite the use of a declaration of independence in an engagement, a formal mechanism to monitor and evaluate compliance with these ethical principles is not yet available. Other challenges include procedural formalities, supervision, partner rotation issues, and high staff turnover. This shows the need to strengthen formal structures and procedures to ensure compliance with relevant ethical provisions in the KAP MUN.

Regarding the readiness to implement the acceptance component and the sustainability of relationships with clients and certain engagements, the results of interviews with three resource persons (T, M, S) show that KAP MUN has adopted a client selection process, although there are still challenges that can affect the commitment to quality standards. Resource person T said that the preliminary survey document had been used to assess the risk of potential clients as part of the admission process. This selective process reflects an effort to consider risks and maintain the engagement quality, so the interviewees feel that KAP MUN is quite ready in this aspect. However, interviewees M and S revealed a minimum audit fee limit of 30 million rupiah, which is often a challenge because some clients ask for fees below that figure. This poses a dilemma in maintaining idealism regarding audit costs. In addition, resource person M highlighted the limitations of expansion because partners do not have certification from the OJK and BPK, which limits the acceptance of clients from certain sectors. According to him, this obstacle affects KAP MUN's readiness to implement SMM 1, especially related to expanding the client base and increasing revenue.

Regarding the readiness to implement the engagement implementation component, interviews with three resource persons (H, M, S) showed that KAP MUN has tried to maintain the engagement quality through certain procedures. Resource person H explained that KAP has used an audit template and a tiered review mechanism to implement the engagement. However, the main challenge faced is ensuring timely and complete audit documentation. The required audit evidence is often only completed after the audit opinion has been issued. This condition shows a gap in the readiness of KAP MUN to meet the requirements of SMM 1 in this component, especially related to the timely management of audit evidence.

Regarding the readiness of the implementation of the resource component, the readiness of the KAP MUN in the resource component shows significant challenges in human resources, even though technological and intellectual resources are considered sufficient. In the human resources subcomponent, resource person T identified high turnover as the main obstacle. Resource person H highlighted the low salary as the reason for the difficulty in retaining staff, while resource person M added that the lack of a dedicated team for the implementation of SMM 1 is a significant obstacle. In addition, resource person S emphasized that the limitation of compensation makes it difficult to retain staff with a high-quality commitment. In the subcomponent of technological resources, the speakers agreed that the existing equipment is adequate for basic needs, even though it is simple. In the intellectual resources subcomponent, internal documents such as SPM and audit templates need to be updated and further developed to support the implementation of SMM 1.

In terms of readiness to implement the information and communication component, interviews with all resource persons (T, H, M, S) showed that the daily communication practice at KAP MUN had run smoothly and met the expectations of SMM 1. However, this component has not been formalized in the internal SPM, which signals the need for additional steps to document communication practices formally. Regarding the readiness to implement the monitoring and remediation process components, based on interviews with all resource persons (T, H, M, S), the monitoring procedures have not been structured and documented. Resource persons T, H, and S stated that the monitoring was carried out randomly by partners through field checks without formal documentation. Resource person S admitted that there was no annual monitoring program, so the monitoring results were not recorded systematically. As the only partner, the S resource person must manage various operational aspects, so monitoring is not yet a top priority. The main focus of monitoring at the moment is on the audit procedures implemented by the team.

The second indicator is resources that include financial resources, time, information, labor, and technology. In terms of the availability of financial resources, resource persons T and S revealed that financial limitations in KAP MUN are the main challenge in preparing for the implementation of SMM 1. Resource person T stated that the limited financial condition affected KAP's ability to carry out preparations, both in terms of budget allocation for the implementation of SMM 1 and due to minimal client income. Meanwhile, resource persons H and S emphasized that adequate financial support is needed to fund training, documentation, and monitoring activities in accordance with standards. However, they are aware of limited funds that affect overall readiness. KAP MUN has been striving for efficiency by making stricter budget arrangements to overcome this. Although funds have been allocated for implementation needs, S acknowledged that the amount is still far from enough to meet the standards requirements comprehensively. This situation shows that financial constraints can be a significant obstacle in the implementation of SMM 1, especially since the standard requires adequate financial resources to support the smooth implementation of change.

Regarding human resources, interviews with resource persons (T, H, M, S) revealed that KAP MUN faces significant challenges due to the limited number and

competence of personnel. As an individual KAP with a small team, a high staff turnover rate is a significant obstacle that impacts the consistency of competencies within the team. This is exacerbated by the inability of the KAP to offer competitive compensation and job security, so many staff are looking for job opportunities elsewhere. Partners and managers have tried to provide internal training and briefing, but high staff turnover frequently means they have to repeat the onboarding and training process. Although partners and managers have a sufficient understanding of the SMM 1 standards, the lack of personnel with adequate competence and difficulties in retaining team members hinders the optimal implementation of the standard. Resource person S emphasized the need for additional solid and experienced staff to reduce the burden on the core team and support the effective division of tasks. These limitations affect readiness in dealing with SMM 1 and the overall quality of audit work. Intensive internal training efforts carried out by the core team are still considered inadequate without the support of competent human resources. High staff turnover, limited personnel, and lack of competence are serious challenges hindering KAP MUN's readiness to implement SMM 1 as expected.

In the aspect of information and knowledge resources, the resource persons (T, H, M, S) mentioned that KAP MUN faced difficulties in obtaining and understanding the information needed for the implementation of SMM 1. As an individual KAP, access to information resources, especially detailed technical guidance, is still limited. The resource person highlighted that the current guidance, especially related to new components such as the risk assessment process, has not fully helped understand and implement SMM 1. Although KAP MUN has tried to leverage information from IAPI's training and socialization, they acknowledge the limitations in obtaining more detailed technical guidance. Resource person S mentioned that for now, KAP MUN relies on the training experience of partners and managers to share information. However, the obstacles to understanding the new standards are still significant challenges, as implementation in accordance with regulations and internal capacity requires a deep understanding. Internal discussions and information exchange between staff are carried out as a temporary strategy, but without more structured technical guidance from regulators or associations, the implementation of SMM 1 is expected to be difficult to realize optimally.

Based on interviews, all the speakers stated that KAP MUN currently utilizes basic technology such as Microsoft Office and simple supporting devices to implement SMM 1. The available technology is considered adequate for standard operational needs, even though it does not yet use special quality management software. This decision is based on the assumption that SMM standards focus more on internal policies and procedures than on the use of advanced technology. For communication needs, KAP MUN uses platforms such as Zoom, while document management, risk analysis, and audit reporting are carried out using basic applications such as Excel and Word. Although the standard does not require advanced technology, increasing the use of more integrated technology can help KAP MUN optimize the implementation of SMM 1.

In the third indicator, namely situational factors from external aspects, all speakers stated that KAP MUN faced significant pressure from external parties in the implementation of SMM 1. This encouragement mainly comes from regulators such as PPPK, OJK, and IAPI professional organizations that have officially mandated this standard. The resource person emphasized the importance of compliance with these regulations to ensure operational legality and avoid sanctions that may arise. Although regulations from external parties are the main driver for KAP MUN in preparing for the implementation of SMM 1, the speakers also expressed challenges related to the lack of technical support from professional associations, especially for individual KAP such as KAP MUN. In addition, clients are also one of the external factors that present challenges. Although some clients expect high audit quality, some still do not care about the implementation of SMM 1 as long as the service fee remains affordable. In fact, some clients prefer low costs or audit opinions that are to their liking, contrary to the quality standards that KAP upholds. To maintain integrity, KAP MUN sets a minimum limit on audit service rates and rejects clients who want buyable opinions. This illustrates the gap between the need to meet diverse client expectations and the obligation to comply with the quality standards set by regulators.

In the internal aspect, all speakers highlighted that the organizational culture at KAP MUN, which is quality-oriented and has strong support from partners, is a positive driver in preparing for the implementation of SMM 1. Partners are highly committed to maintaining quality standards, supported by a work culture that prioritizes audit quality. According to the speaker, this quality culture has long been instilled and internalized in KAP, so that organizations can more easily accept the implementation of new standards such as SMM 1. Partners also play an important role in creating a supportive environment where employees at all levels feel comfortable communicating their obstacles. However, interviewee M revealed that internal challenges remain, especially in the form of dominance of partner roles, which are sometimes considered rigid and less open to input from the team. Partners realize that this attitude can trigger friction, especially when facing significant changes such as the implementation of SMM 1. To overcome this, KAP MUN seeks to create a more inclusive discussion space to encourage collaboration and align individual interests with organizational goals.

CONCLUSION

The analysis of KAP MUN's readiness for SMM 1 implementation, based on the IFAC Small Firm Implementation Installment, reveals that while a partner has been designated as the project leader and personnel have prepared by understanding SMM 1's essence, significant gaps remain in later steps such as determining quality objectives, completing risk assessments, assigning detailed roles, creating gap analysis documentation, developing risk responses, and implementing monitoring and remediation processes, primarily due to a lack of understanding of quality components in risk assessment. Under the Three Key Determinants of Implementation Capability, KAP MUN shows general awareness of the transition from SPM 1 to SMM 1 but is hindered by limited knowledge of risk assessment components, constrained resources including a limited budget and

insufficient competent human resources, and a lack of external support from regulators and professional organizations, despite having a quality-oriented internal culture and strong partner support. Future research suggests exploring strategies addressing these gaps, particularly in risk assessment, quality objectives, and resource constraints, by investigating tailored training programs or frameworks for small KAPs, as well as collaborative learning platforms or partnerships with larger firms to bridge knowledge gaps. Additionally, research could focus on the role of regulatory bodies and professional associations in providing targeted support mechanisms like subsidized training or mentorship programs, assessing their impact on readiness and compliance with SMM 1, and offering policy recommendations to strengthen the ecosystem for small KAPs in Indonesia to adopt evolving quality management standards successfully.

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