



EXPERIENCE AND ITS IMPACT ON THE QUALITY OF THE AUDIT PROFESSION
"CASE STUDY (LACPA)"
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Abstract

One of the most important factors that have a direct impact on audit quality is human resources, based on the international quality audit standard. The hypothesis of this study focused on the adequacy and appropriateness of the number of employees in the audit, the need to adhere with the ethical and professional standards and the policies required by the offices to verify their compliance, the qualifications of employees that enable them to perform their duties required to them and the importance of training to enable employees obtain sufficient experience in the field of their work, and it also focused on the need to inform employees of the work required to them and the objectives of the office in order to be able to reach to what is required of them.

The study was based on descriptive analysis to describe and analyze the variables, and the hypothesis was tested by using SPSS statistical software. The study was concluded :Audit offices operating in Lebanon have a good internal professional organization but it is not sufficient to achieve quality control, so there is a lack in some aspects, especially the policies and procedures of the office in employing relatives and others whom they know without giving attention on how they will influence on the auditing quality.

Key words: Experience, Impact, the Quality, Audit Profession.

I. INTRODUCTION

The general concept of "audit" is that it is an objective examination and evaluation of the financial statements prepared by the organization to ensure its validity and fairness, in another meaning audit is an examination of the internal control systems, data, documents, accounts and records so they are critically examined on scientific grounds to enable the auditor to express an impartial and independent opinion about the reliability and fairness of the financial statements at the end of a specified time period. It can be done internally by employees of the organization, or externally by an outside firm. In the audit environment, quality control is an important area of focus for audit practitioners and its direct impact on quality performance. Performance of audits to a high standard will protect the firm against potentially damaging litigation him. But



audit quality is not just affected by auditor qualification; the company's internal control system might be another factor that affects audit quality.

Terms of words:

- ISQC: International Standard of Quality Control
- CPA: Certified Public Accountant
- LACPA: Lebanese Association of Certified Public Accountant
- GAAP: General Accepted Accountant Principles
- IFRS and IAS: International Financial Reporting Standards
- IAASB: International Auditing and Assurance Standards Board

Research Problematic:

The problem is the lack of selection of highly qualified human resources in the audit offices and the impact of this choice on audit quality based on the international quality control standard. To Solve this problem; we will be answering the following questions:

1. Is the number of qualified employees in the audit firms sufficient to perform the audit work?
2. Are employees able to perform tasks and duties as quickly as required?
3. Does the staff comply with ethical and professional standards?
4. Is the responsible partner aware of all his responsibilities and duties?

The methodology of the study:

The descriptive approach is adopted through books, journals and previous studies in the composition of secondary data; and a questionnaire is prepared for the purposes of asking questions on a sample of the study community to form the preliminary statements using the Social Science Statistical Program spss.

Hypotheses of the study:

- H1: The number of staff in the audit firms is sufficient to carry out the audit work.
- H2: Staffs comply with ethical and professional standards.
- H3: Staffs are able to perform tasks and duties.
- H4: The responsible partner is aware of all of his responsibilities and duties.

II. LITERATURE REVIEW

STUDY (ANDREW B.JACKSON, 2008), MANDATORY AUDIT FIRM ROTATION AND AUDIT QUALITY:

Mandatory audit firm rotation and audit quality:

The study aimed to examine the effect of the external auditor's mandatory change on the quality of auditing in the Australian work environment through a study of the level of objectivity and rationality on the one hand and the tendency to litigation on the other.

The results of the study have been highlighted by the fact that the increased quality of the audit is linked to the size of the audit company. The mandatory switching of the auditor reduces the



additional costs to the customer resulting from the minimum switch and gives the audit companies the opportunity to expand their knowledge base, and audit firms that tend to litigation often lose part of their market share.

Study (Amir Jamal Al-Qaiq 2012), the Extent of Application of Quality Control in Audit Offices in Gaza:

The study aimed to identify the extent of implementation of the concept of quality control audit and its measures, in addition to identifying its objectives and the importance of adhering to its principles, as well as the factors affecting it.

The study conclusions can be summarized as follows: audit firms operating in the Gaza Strip have good organization of internal procedures, but it is not enough to achieve quality control; the need to develop professional requirements for those in charge of the auditing profession, as well as, the need for more attention and follow-up measures to control and supervise the performance. In addition, the study concluded that there are some shortcomings regarding the provision of consulting services and customer acceptance protocols. Moreover, the study revealed that there are limitations in the ability to maintain the stability of the professional relationship with customers, especially with regard to the length of the audit office relationship with its customers.

What distinguishes the study from other studies?

Most of the previous studies were conducted in many Arab and foreign countries. These studies focused on the aspects that are related to the concept of quality control and the extent of awareness of audit offices about applying it, as well as determining the factors that may affect the quality of auditing in audit offices in Lebanon. This study was done in a local environment that differs from the environment in which previous studies were conducted. The main characteristics of this study are that it concerned the extent to which experienced employees in audit offices and their qualifications may affect the quality of the audit.

III. ORGANIZATION OF THE STUDY

Our thesis has been divided into three sections as follows:

First section: External Auditing and Audit Quality System in Accordance with ISQC.

Second section: Human Resources in the View of ISQC and the Role of the Lebanese Association of Certified Public Accountants in Having Qualified Auditors .

Third section: the analytical and Results presentation study (field study).

First section: External Auditing and Audit Quality System in Accordance with ISQC.

The review evaluates the relationship between the auditor and executive management and ensures that an appropriate balance exists. The auditor should always assess his independency and evaluate if any risk related to his relationship with his client to maintain his quality in the issuing the reports. The audit committee should have full regard to the auditor's competence, the quality, and efficiency of the audit, and whether the audit fee is appropriate in relation to size, complexity, and the risk profile and control are appropriate.



3.1 External Audit:

1. The concept of Audit:

An audit function can be observed as a means of social control because it serves as a mechanism to monitor conduct and performance and to secure or enforce accountability. Mackenzie in the foreword to *The Accountability and Audit of Governments* made the following remark:

a. External auditors:

External Auditors role is to inspect clients' accounting records and express an opinion as to whether financial statements are presented fairly in accordance with the applicable accounting standards of the entity, such as Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IAS) and (IFRS). External auditors must assert whether financial statements are free of material misstatement, whether due to error or fraud.

b. The Process of Performing an External Auditing:

External audit process occurs once a year focusing on the company's performance and compliance. They should not have any affiliation with the company, which offers the company an unbiased audit. Accounting records are commonly examined in an external audit to make sure no errors exist in the financial statements.

c. Importance of an External Audit.

External auditors are accountants who work independently of a particular company to achieve the following objectives:

- Ensures Compliance.
- Provides Credibility.
- Critique Internal Processes.
- Double-Check Internal Processes Audit.

2. An objective of the external auditing:

The objective of an external audit of financial statements is to determine whether, in the auditor's opinion, the statements present fairly in all material respects - that is, they show a true and fair view in all material respects of the company's financial position, results of operations, and cash flows, in conformity with national or international generally accepted accounting principles. These areas can be summarized as follows:

- a. service approach (the auditor's qualifications, including independence, to perform the work, and its approach to the audit)
- b. Audit plan (the key risks identified by the auditor in relation to the financial statements and the company's controls, and the resulting audit plan and response.
- c. financial reporting (accounting policies, disclosures, and observations about the overall quality of financial reporting)
- d. Governance matters (matters noted by the auditor in the course of its work that it believes should be brought to the audit committee's attention).



3. The Audit Report:

The auditor should indicate four independent statements in his report related to the financial statements and its level of conformity with general accepted accounting principles and include the following:

- The accounting principal used is properly accepted in accordance with the declared financial reporting framework.
- The financial statements are prepared by management and can be used, understood, and interpreted.
- The information disclosed in the financial statements is properly classified and valued in a reasonable manner
- The financial statements clearly disclose all important events and transactions in a way that presents an accurate presentation for the financial operation and cash flows within reasonable and practical limits that may affect the decisions making by the users of the financial statements. Various audit opinions are defined as follows:

Qualified opinion.

Unqualified opinion.

Adverse opinion.

Disclaimer of opinion.

The independent auditor has the responsibility to search for errors or irregularities within the recognized limitations of the auditing process.

4. Advantages of having an External Audit:

Some advantages that an external audit can provide:

- a. Identifies Weaknesses in Internal Control.
- b. Lends Credibility to Financial Statements.
- c. Unbiased, Expert Recommendations.

3.2 Audit Quality Control:

1. Quality definition:

Quality is perceived differently by different people, so there are a variety of perspectives that can be taken in defining quality. But the ultimate aim is to ensure that the customer will be satisfied to pay for the product or service, and this should result in a reasonable profit for the producer or the service provided.

2. The concept of audit quality:

Audit quality can be achieved by an engagement team that exhibited the appropriate values, ethics, and attitudes; a team who has sufficient knowledge, skills, experience, and able to perform audit work in the sufficient time allocated. The engagement team should apply a rigorous audit process and quality control procedures that complied with law, regulations, and applicable standards; and the team that able to interact appropriately with relevant stakeholders.



3. International Standard on Quality Control:

International Standard on Quality Control (ISQC) deals with a firm's responsibilities for its system of quality control for audits and reviews of financial statements, and other assurance and related services engagements.

4. Importance of an Audit Firm's System of Quality Control:

The importance of the system of quality control in an audit firm comes from the consistency of all the activities undertaken by the audit firm to promote audit quality and which includes the following:

- a. The establishment of the policies which are necessary for the implementation of professional standards, such as standards of objectivity, integrity and auditor independence requirements, which related to the acceptance and continuance of clients and engagements.
- b. Establishment of policies and procedures related to hiring, assigning personnel to engagements, training, professional development, and advancement.
- c. Methods for development, maintenance, and deployment;
- d. Audit quality monitoring, including multiple levels of review on each engagement and the regular performance of in-firm quality inspections.
- e. Regular review of other elements of the firm's quality control system.
- f. Such activities are driven by professional standards, the audit firm's own standards of quality, and feedback from external inspections of the auditor's work.

SECOND SECTION: HUMAN RESOURCES IN THE VIEW OF ISQC AND THE ROLE OF THE LEBANESE ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS IN HAVING QUALIFIED AUDITORS.

1.1 Human resources:

'Human Resources' term refers to the people in an organization; it is also the name of the department that exists to serve the needs of those people. Importance of human resources efforts comes from the realization that people are the common elements in every organization; they create strategic and innovations and produce the product and services for such businesses or organizations.

1. Human Resources in Accordance with ISQC:

Audit quality largely depends on the individuals who conduct the audit; so it's necessary to assess whether the primary members of the audit engagement team demonstrated the skills and experience necessary to address the company's areas of greatest financial reporting risk. During the engagement, the auditor should have demonstrated a good understanding of the company's business, industry, and the impact of the economic environment on the company. Moreover, the auditor should have identified and responded to any auditing and accounting issues that may arise from changes in the company or its industry, or changes in applicable accounting and auditing requirements.

Human resources elements of a system of quality control purpose is to provide a reasonable assurance that the firm has the sufficient personnel with the capabilities, competence, and commitment to ethical principles necessary to perform its engagements in accordance with



professional standards and regulatory and legal requirements and to enable the firm to issue reports that are appropriate in the circumstances.

Such policies and procedures address recruitment, performance evaluation, career development, promotion, compensation and the estimation of personnel needs in order to ascertain the number and characteristics of the individuals required for the firm's engagements. The firm's recruitment processes include procedures to help determine whether recruits are individuals of integrity who have the capacity to develop the competencies necessary to perform the firm's work.

Competencies are developed through methods that may include the following:

- Professional education
- Continuing professional development, including training
- Work experience
- Coaching by more experienced staff, for example, other members of the engagement team.

2. Ethical Requirements:

Ethical requirements in auditing should be as follows

a. independence:

Independence is freedom from situations and relationships which make it probable that a reasonable and informed third party would conclude that objectivity either is impaired or could be impaired. It is related to objectivity and underpins it. Whereas independence is related to the circumstances surrounding the audit, including the financial, employment, business and personal relationships between the auditor and the audited entity and its connected parties. Independence requires the following:

b. Independence of mind:

That state of mind which permits the provision of an opinion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional skepticism.

c. Independence in appearance:

The avoidance of facts and circumstances that are so significant that a reasonable and informed third party, having knowledge of all relevant information, including safeguards applied, would reasonably conclude firms, or a member of the assurance team's, integrity, objectivity or professional skepticism had been compromised.

d. integrity:

Integrity is to be straightforward and honest in all professional and business relationships, and also implies fair dealings and truthfulness. It is essential for auditors to act with integrity, which requires not only being honest but a broad range of related qualities such as fairness, courage, intellectual honesty and confidentiality.



e. Objectivity:

Objectivity is like integrity; is a fundamental ethical principle and requires that the auditor's judgment is not affected by conflicts of interest. It is a state of mind which excludes bias, prejudice, and compromise and that gives fair and impartial consideration to all matters that are relevant to the task in hand, disregarding those that are not.

f. Professional skepticism:

Professional skepticism is an attitude that includes the application of a questioning mindset in the context of an appropriate understanding of the entity, its business and the environment in which it operates. This understanding, together with more general business knowledge and experience, allows the auditor to assess the risks of material misstatements in an entity's financial statements, assess the sufficiency and appropriateness of audit evidence, and reach appropriate conclusions.

3. Knowledge, skills, experience, and time for human resources:

At the engagement level, the audit engagement partner is responsible for being satisfied that the engagement team collectively has the appropriate competencies and experts to meet the needs of engagement circumstances. It is critical for continuing the development of this professional competence and lifelong learning.

1.2. The profession of Auditing in Lebanon:

The profession of auditing in Lebanon began with the promulgation of the law regulating the profession of the Lebanese Association of Certified Public Accountants Law No 364 in 1/8/1994, which defined in the article 2 from this law that Certified Public Accountant (CPA) is any/all natural person performing in his name or on behalf of another legal entity: auditing and appraisal of all types of accounts and rendering an opinion as to the authenticity and accuracy of financial data Association of Certified Public Accountants (LACPA):The Lebanese Association of Certified Public Accountants (LACPA) is considered as the only organization which involved in the profession of accounting experts in Lebanon, by which it seeks to assist its members in developing their personal and professional capabilities. This association constitutes a unique source of information through its magazine, reports, and publications issued by it, and educational activities, including local and international conferences and seminars that allow certified accountants to enhance the quality of their services "The Lebanese Association of Certified Public Accountants (LACPA) shall have full independence in the framework of the law, especially in the internal, financial and administrative affairs, and shall have the moral personality, and exercise its powers through its miscellaneous bodies while observing provisions of the law organizing the profession no. 364/1994 on the date of 01/08/1994 and the Lebanese laws in general and the present bylaws".

Its scope of work includes all Lebanese territories, and according to article 6, LACPA is composed of a general assembly and a council exercising their powers in accordance with the provisions of the present act. The general assembly is composed of all the certified public accountants registered in the general table of the association. As it comes in part 5 of article 8 that no one is entitled to be registered in the General Table of the Association or practice the



profession in Lebanon or purport to be a CPA unless he passed the examination set by the examination committee and approved by the Council. As for holders of CPA (Certified Public Accountant) or CA (Chartered Accountant) diplomas or their French equivalent, example, "Diplome d'Expertise Compatible", and above, from international institutes and associations, they shall only sit for exams related to Lebanese laws as set by the Association Council.

1. Realizing the power of professional accountancy organizations in Lebanon.

A robust and well-functioning accountancy profession, composed of competent and capable professionals supported by a strong professional accountancy organization (PAO), contributes significantly to the sustainability of small, medium, and large businesses; sound capital markets; effective stewardship of public finances and delivery of public services; and—ultimately—economic growth.

When PAOs function appropriately, they:

- a. Act in the public interest;
- b. Develop and produce capable and competent accountancy professionals;
- c. Promote and enforce strong professional and ethical standards;
- d. Act as a resource to government, regulators, and other stakeholders; and
- e. Further the quality of financial management and reporting, which in turn:
 - f. Attracts foreign direct investment;
 - g. Promotes growth and development of the small- and medium-sized entities sector;
 - h. Enhances transparency and accountability in the use of resources in the public sector;
 - i. Improves the design and delivery of vital public services; and
 - j. Enhances the effectiveness and efficiency of official development assistance.

2. Membership of the Association of Accounting Experts in Lebanon.

No one is entitled to be registered in the General Table of the Association or practice the profession in Lebanon or purport to be a CPA unless he meets the following requirements:

- a. Being a Lebanese citizen for more than ten years.
- b. Being over 21 years of age.
- c. Enjoying all his civil rights and having never been convicted of a disgraceful crime or offense, as defined in law-decree No.59/112, article 4, paragraph (E).
- d. Holding a degree in Business Administration or its equivalent or a "TS" degree in accounting, recognized by the ministry of professional and technical education. These degrees must be accompanied by a minimum of five years of experience.
- e. Passing the examination set by the examination committee and approved by the Council. As for holders of CPA (Certified Public Accountant) or CA (Chartered Accountant) diplomas or their French equivalent, i.e., "Diplome d'Expertise Compatible", and above, from international institutes and associations, they shall only sit for exams related to Lebanese laws as set by the Association Council

Certified Accountants Members:

Certified accountants who are members of the Lebanese Association of Certified Public Accountants (CPA) divided into:



- Practicing Certified Accountants
- Non- Practicing Certified Accountants

a. Education:

It is important for both practicing or non-practicing certified accountants, except those who are above the age of sixty, to attend training sessions, seminars, conferences, and lectures organized by LACPA through its administrative and technical bodies, or in participation with international or local, private or public academic, financial or economic bodies or institutes, or those organized by competent academic institutions, upon the approval of the LACPA council, which according to the registers of LACPA which should not be less than forty hours per year.

b. How to Be a Trainee:

As provided in the articles 8 and 9 in the law, the applicant shall present the traineeship application with the relevant documents that fulfill the conditions and entitle the certified auditors to register in the general table of experts and to practice the profession.

An exam decided by the LACPA Council and adopted by the Exams Committee as stipulated in article 8 of the law organizing the profession should be submitted to the trainee members who ended their Traineeship, where for holders of CPA certificates issued by international associations or institutes stated in article 8, they only be subject to relevant Lebanese laws exam according to the determined curriculum. The trainee may entitle to submit their exam in six sessions within a maximum period of five years from the date of ending their Traineeship.

Trainees shall not be entitled to introduce themselves as CPAs or establish an office in their name before they accomplish their traineeship which determined by three full years and may decrease to one year for the holders of CPA certificates, and register in the general list.

They must abide by attending the training and teaching curriculum adopted by LACPA's Institute of Educational and Academic Training during the years of the traineeship, provided that these training hours are considered as actual work for the traineeship office.

c. Code of Ethics According to the Lebanese Association of Certified Public Accountants:

Professional accountant's responsibility is not only to satisfy the needs of an individual client or employer; a professional accountant is responsible also to observe and comply with the ethical requirements of this Code. For this purpose, the professional rules of the Code of Ethics for Professional Accountants underline and emphasize the main principles ruling the accountant's behavior, and; explain and clarify the conditions of practice in order to enlighten the accountants themselves, the Chambers of Discipline and all authorities and parties in general that shall be informed about the accountant's opinions.

That human resources in which they are the accountants, are the most important resources that determined the quality of auditing. The accountant has the responsibility to comply with fundamental principles such as integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In contrast, compliance with the fundamental principles may potentially be threatened by a broad range of circumstances. These threats are indicated and as mentioned also in the international standards as:



- Self-interest threats which may result from financial interests or other interests of the accountant himself, a relative or a member of his or her family.
- Self-review threats which may occur when a previous decision must be re-valued by the certified accounting responsible for it.
- Advocacy threats that may occur if the expert supports the position or opinion to the degree of impact of the objective principle.
- Familiarity threats which may occur when the expert is biased to the interests of others because of personal relationship.
- Intimidation threats and which occurred when the accounting expert ceases to perform his task objectively.
- It will be difficult to answer about these threats in the Lebanese environment and in this doctrinal condition.
- In fact, measures of protection that would eliminate or mitigate risks to an acceptable level are divided into two parts:
 - Measures to be determined by the rules of the profession, laws and legislation
 - Measures found in the work environment

Third section: the analytical and Results presentation the study (field study).

Audit offices are obliged to have a sufficient number of staffs able to do their work with high quality and ensuring the continuity of these strong staffs. Staffs in the audits offices should have sufficient experience to be able to perform their tasks and duties in which this require from the audit office to provide training and be aware of the objectives of the office working in so they know what are their responsibilities and duties. Although, both ISQC and LACPA emphasize the necessity of complying with the ethical and professional standards as objectivity, independence, and integrity which greatly affects the quality of auditing.

3.3 The Methodology of the Questionnaire:

A questionnaire is prepared about "Selection of Human Resources and its Influence on the Quality of Auditing According to ISQC" in which it distributed to some audit offices in Lebanon to be answered by external auditors. This questionnaire included two parts as following:

1. Part one:

Table 1 :Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 25	2	2.1	2.1	2.1
25 to less than 35	8	8.4	8.4	10.5
35 to less than 45	58	61.1	61.1	71.6
45 and above	27	28.4	28.4	100.0
Total	95	100.0	100.0	

As it shown in the table above that 2.1% of research society is less than 25years, 8.4% are from 25 to less than 35, 61.1% are from 35 to less than 45 years, and 28.4% are 45 years and above.



These results show that most of the study population group are from the older age and this shows that they have the necessary and important experience in respect to their profession,

Table 2 Education degree

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid License or equivalent	42	44.2	44.2	44.2
Masters	15	15.8	15.8	60.0
professional degree	38	40.0	40.0	100.0
Total	95	100.0	100.0	

Results show that 44.2% of auditors having license degree and what is equivalent to it where there is no auditors below this degree, 15.8% with master's degree, and 40% with a professional degree.

Table 3 Experience

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 5 years	4	4.2	4.2	4.2
From 5 to less than 10 years	6	6.3	6.3	10.5
From 10 to less than 15 years	26	27.4	27.4	37.9
15 years and above	59	62.1	62.1	100.0
Total	95	100.0	100.0	

Results of the table above show that 4.2% of the research society having experience less than 5 years, 6.3% from 5 to less than 10 years, 27.4% from 10 to less than 15 years, and the highest percentage was for auditors having experience of 15 years and above. This show that audit offices have the appropriate auditors with the sufficient experience and the ability to understand quality control system and who are able to answer the questionnaire effectively.

Table 4: Staff number in the audit offices

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 3	13	13.7	13.7	13.7
from 3 to 5	41	43.2	43.2	56.8
from 6 to 8	7	7.4	7.4	64.2
from 9 to 11	13	13.7	13.7	77.9
12 and above	21	22.1	22.1	100.0
Total	95	100.0	100.0	

Table above shows that audit offices diversity with respect to the number of staffs working in the offices, in which 13.7% of offices include less than 3 employees, 43.2% from 3 to 5 employees, 7.4% from 6 to 8 employees, 13.7% from 9 to 11 employees, and 22.1% include 12 employees and above.



Table 5; Is there in the office department for monitoring the audit quality work?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no	95	100.0	100.0	100.0

This table shows 100% of audit offices don't include department responsible for monitoring the audit quality work. So there is no sufficient attention in Lebanon given for such subject.

Table 6: The Lebanese Association of Certified Public Accountants is responsible for providing personal and professional development opportunities to members in accounting and auditing?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	15	15.8	15.8	15.8
no	80	84.2	84.2	100.0
Total	95	100.0	100.0	

Results in the table above show that 15.8% of the research society agreed that Lebanese Association of Certified Public Accountants is responsible for providing personal and professional development opportunities to members in accounting and auditing, and 84.2% disagreed this.

3.4 Part two:

Assumption one: "The number of staff in the audit firms is sufficient to carry out the audit work"

Table1: descriptive statistics for the first assumption

	question 1	Question 2	Question 3	Question 4	Question 5	Question 6	Question 7	Question 8
N Valid	95	95	95	95	95	95	95	95
Missing	0	0	0	0	0	0	0	0
Mean	2.15	2.01	2.25	2.05	2.04	2.20	1.82	2.44
Std. Deviation	.684	.372	.545	.338	.410	.402	.437	.710

- Average mean: 2.12

- Average standard deviation: 0.48725

From the average mean 2.12, we can conclude that there is accepting from the auditors who answered the questionnaire that there is a sufficiency of staffs in the audit offices and can perform their work effectively. The results show that most of the auditors agree with a high degree with questions that used to verify the first assumption. For the questions 1 and 3, there is disagree form auditors with 7.4% that audit a team are properly structured and 4.1% for the sufficient continuity of the staff which ensures smooth audit; although there are some auditors who found themselves neutral in answering on this questions.

Table 2: regression table for the 1st assumption

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.495 ^a	.245	.184	.492



Table 3: 1st assumption ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	6.837	7	.977	4.027	.001
Residual	21.100	87	.243		
Total	27.937	94			

R-Value obtained in the table above represents the correlation which is 49.5% and which indicate a high degree of correlation according to the first assumption. R- square which indicates how much of the total variation in the dependent variable can be explained by the independent variables, and for the results obtained we can conclude that about 24.5% of the variation that quality of audit with respect to thenumber of staff in the audit firms that is sufficient to carry out the audit work can be explained by the explanatory variables in the model.

According to the ANOVA table, f-statistic (4.027) indicates whether the model is properly specified to reflect the effect of independent variables on the dependent variable at 5% significant level. The p-value was 0.001 which is less than 0.05, and then we can reject the null hypothesis H0 and support the alternative one and can conclude that the quality of auditing has a significant relationship with the existence of a strong and appropriate number of staffs that can carry out the audit work.

So we can agree with the first assumption:

“The number of staff in the audit firms is sufficient to carry out the audit work”

Audit quality depends on the employees who conduct the audit, so audit offices must plan effectively to acquire the employees that are able to ensure the quality of their works in terms of the number of staffs needed appropriate for performing tasks and the qualifications of them. Then they can ensure having a strong audit team required to apply quality control in their offices.

Assumption two: “Staffs comply with ethical and professional standards”

Table4: descriptive statistics for the second assumption

	Questio n 9	Questio n 10	Questio n 11	Questio n 12	Questio n 13	Questio n 14	Questio n 15	Questio n 16	Questio n 17	Questio n 18
N Valid	95	95	95	95	95	95	95	95	95	95
Missing	0	0	0	0	0	0	0	0	0	0
Mean	2.06	2.11	2.19	2.05	1.81	1.94	1.62	2.11	1.81	3.03
Std. Deviation	.681	.309	.589	.422	.511	.561	.530	.535	.394	.764

- Average mean: 2.073
- Average standard deviation: 0.5296

From the average mean 2.073, we can conclude that there is accepting from the auditors who answered the questionnaire about acquiring in their offices the staffs that comply with ethical and professional standards. The level of agree was high in all questions and the high one was for the question 17 by 100% in which all auditors agree that from the aspects that may influence the quality of auditing is the knowledge of the audit team on the rules, ethics, and conduct of the profession.



The high level of neutrality was for the question 18 by 61.1%, which is about the retention of an audit client if it will strengthen the relationship between the audit team and an audit client, thus affecting the quality of an audit process. Only 21.1% of answers agree with this question and there is disagree with 17.9%.

In some audit offices there are no assignments of a member or group of members to provide guidance or advice for resolving matters related to the honesty, objectivity, independence and secrecy of the staff of the office as some auditors disagree this by 3.2% which is very small percent maybe may be due to the small size of the audit office that has no many departments within it, while 18.9% of auditors feel themselves neutral from answering on such a case.

Table 5: regression table for the 2nd assumption

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.907 ^a	.822	.803	.175

Table 6: 2nd assumption ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	11.991	9	1.332	43.586	.000 ^b
Residual	2.598	85	.031		
Total	14.589	94			

R-Value obtained in the table above represents the correlation which is 90.7% and which indicate a high degree of correlation according to the first assumption. R- square which indicates how much of the total variation in the dependent variable can be explained by the independent variables, and for the results obtained we can conclude that about 82.2% of the variation that quality of auditing in accordance to complying with ethical and professional standards can be explained by the explanatory variables in the model.

According to the ANOVAs table, f-statistic (43.586) indicates whether the model is properly specified to reflect the effect of independent variables on the dependent variable at 5% significant level. The p-value was 0.00 which is less than 0.05, and then we can reject the null hypothesis H₀ and support the alternative one and can conclude that the quality of auditing has a significant relationship with the ability of staffs to comply with ethical and professional standards.

Assumption three: "Staffs are able to perform tasks and duties"



Table7: descriptive statistics for the third assumption

	Quest ion 19	Quest ion 20	Quest ion 21	Quest ion 22	Quest ion 23	Quest ion 24	Quest ion 25	Quest ion 26	Quest ion 27	Quest ion 28	Quest ion 29	Quest ion 30
N	95	95	95	95	95	95	95	95	95	95	95	95
Valid												
Missing	0	0	0	0	0	0	0	0	0	0	0	0
Mean	1.80	1.95	2.19	2.06	1.82	1.89	1.98	2.53	2.13	1.41	2.07	2.06
Std. Deviation	.402	.608	.394	.245	.505	.449	.325	.581	.890	.610	.419	.245

- Average mean: 1.99

- Average standard deviation: 0.47275

From the average mean 1.99, we can conclude that there is accepting from the auditors who answered the questionnaire about acquiring in their offices the staffs that are able to perform tasks and duties and those who have the sufficient experience, skills, and knowledge which help to increase the level of quality of auditing. The level of agreement was high in all questions.

The lowest level of agree 51.6% was for question 26 about the completeness of the work required for the audit team with the agreed timetable which was. 44.2 % of auditors are neutral in answering while 4.2% disagree this maybe because they don't have a structured audit team as shown in the first question of the first assumption, or due to the certain external factors occurred.

The highest level of neutrality 46.3% was for personnel valuation for determining the capabilities and competencies of the audit team and no one disagrees this. This is a good step by the audit office to evaluate its personnel which helpsthem to provide appropriate training for them or forcing them to leave their work if they will influence negatively the quality of the audit.

Table 8: Regression table for the 3rd assumption

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.715 ^a	.511	.453	.297

Table 9: 3rd assumption ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	7.769	10	.777	8.782	.000
Residual	7.431	84	.088		
Total	15.200	94			

R-Value obtained in the table above represents the correlation which is 71.5% and which indicate a high degree of correlation according to the first assumption. R- square which



indicates how much of the total variation in the dependent variable can be explained by the independent variables, and for the results obtained we can conclude that about 51.1% of the variation that audit quality in accordance with the ability of performing tasks and duties can be explained by the explanatory variables in the model.

According to the ANOVA table, f-statistic (8.782) indicates whether the model is properly specified to reflect the effect of independent variables on the dependent variable at 5% significant level. The p-value was 0.00 which is less than 0.05, and then we can reject the null hypothesis H0 and support the alternative one and can conclude that quality of audit has a significant relationship with the existence of audit team that has the appropriate knowledge, skills, and experience to perform tasks and - - **Assumption four:** "The responsible partner is aware of all of his responsibilities and duties"

Table10: descriptive statistics for the fourth assumption

	Question 31	Question 32	Question 33	Question 34	Question 35
N Valid	95	95	95	95	95
Missing	0	0	0	0	0
Mean	1.74	1.35	2.11	1.98	1.82
Std. Deviation	.530	.479	.309	.325	.437

- Average mean: 1.8

- Average standard deviation: 0.416

From the average mean of 1.8, we can conclude that there is accepting from the auditors who answered the questionnaire about awareness of the audit team about their responsibilities and duties. The level of agreement was high in all questions.

There is no disagree answers on the questions of this assumption, but neutral answers exist and its highest degree 10.5% was in the question 33 about providing appropriate technical support through seminars and publications which help staffs to perform their duties effectively and as needed; this degree is small and not considered as a high degree.

The high level of agreeing 100% is for the question 32 about the awareness of audit team of the objectives of the processes and the requirements of its implementation.

Table 11: Regression for the 4th assumption

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.502 ^a	.252	.219	.469

Table 12: 4th assumption ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	6.660	4	1.665	7.583	.000 ^b
Residual	19.761	90	.220		
Total	26.421	94			

R-Value obtained in the table above represents the correlation which is 50.2% and which indicate a high degree of correlation according to the first assumption. R- square which



indicates how much of the total variation in the dependent variable can be explained by the independent variables, and for the results obtained we can conclude that about 25.2% of the variation that quality of auditing in terms of awareness about all responsibilities and duties can be explained by the explanatory variables in the model.

According to the ANOVA table, f-statistic (7.583) indicates whether the model is properly specified to reflect the effect of independent variables on the dependent variable at 5% significant level. The p-value was 0.00 which is less than 0.05, and then we can reject the null hypothesis H₀ and support the alternative one and can conclude that quality of auditing has a significant relationship with the level in which the responsible partner is aware of the policies, procedures, and objectives of the office work.

IV. CONCLUSIONS AND RECOMMENDATIONS

A- CONCLUSIONS

1. Quality control must be an important area of focus for audit practitioners because of the role its playing in ensuring that a firm performs audits in accordance with the standards required by its professional body and which helps in maintaining the reputation of the firm and the profession.
2. International Standard of Quality Control establishes a quality control system to ensure that the audit offices and their employees comply with professional standards and legal requirements.
3. Most of the auditors who judge the profession are relatively from the longer age group, and even these groups of auditors have the sufficient experience and knowledge, in which they have to give a chance to who are younger to learn from them and who are able to in line with the career developments.
4. The existence of deficiencies in the legislation and laws governing the audit profession, which cover the subject of quality control audit work, so there is no department responsible for monitoring the quality of the audit work and ensure that the officers and employees comply with professional standards and legal requirements; no penalties required on this lack.
5. Lebanese Association of Certified Public Accountants (LACPA) is considered as the only organization which involved in the profession of accounting experts in Lebanon and plays an important role in allowing certified accountants to enhance the quality of their services.
6. Audit offices operating in Lebanon have a good internal professional organization but it is not sufficient to achieve quality control, so there is a lack in some aspects, especially the policies and procedures of the office in employing relatives and others whom they know without giving attention on how they will influence on the auditing quality.
7. The availability of adequate professional requirements is important to achieve quality control. However, the professional requirements need a development process in order to keep abreast of recent developments, especially in the professional aspects such as the international standards of accounting and auditing and the rules and ethics of the profession in order to reduce the gap between scientific qualification and practical reality.



8. Quality of auditing is achieved and ensured by having an audit team that has sufficient knowledge, skills, experience, and able to perform audit tasks and duties effectively.
9. According to LACPA, certified accountants are obliged to attend training sessions, seminars, conferences, and lectures which should not be less than forty hours per year. This helps them to keep inconsistent with the knowledge and the development, and thus helps in achieving high quality.

B- RECOMMENDATIONS

1. The need to pay more attention to the auditing profession and work through improving it.
2. The need to review the rules that direct the profession and modify it.
3. The need to comply fully with independence as required by the code of ethics during the conduct of the audit and in all stages, and avoids any relationship that affects the decisions.
4. Urge audit offices to consider legal and professional controls and procedures when hiring staffs and attracting those who have sufficient skills, knowledge, and experience.
5. Audit offices must take into consideration while distributing the works to the audit team the experience, career location, background and specialized expertise of each.
6. Provide sufficient and adequate training on accounting, auditing and computer by organizing programs and training courses to keep up with the developments.
7. Updating and developing the code of ethics issued by the Lebanese Association of Certified Public Accountants (LACPA) in accordance with the Lebanese environment.
8. Evaluate the performance of the human resources working in the audit offices.
9. Conducting the audit using modern technical methods and with the highest degree of competence and expertise.
10. Develop a section within the audit offices to review the general controls of the quality control system.
11. Informed the staff by all policies and procedures of the audit office.

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