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Factors Affecting Audit Quality in Public Sector: A Case Study of District Abbottabad of Khyber Pakhtunkhwa, Pakistan

Azmat Ali Khan¹ Muhammad Mudassar Abbasi²

Abstract: This study aims to explore factors that affect audit quality in the public sector of District Abbottabad, Khyber Pakhtunkhwa (KP) Province of Pakistan. A purposeful sampling technique is used to find knowledgeable and key respondents from among the audit departments/ firms/ entities in the selected district for this study. The data for this research is collected from 20 government auditors from the Directorate of District Audit and the District Controller of Accounts Offices in Abbottabad district. The researcher used a semi-structured questionnaire (mix of open-ended and close-ended) as a tool for data collection from relevant respondents. The main themes in the questionnaire are analyzed through SPSS software, and the data is presented in tables and figures, which are supported by descriptive discussions and analysis. Also, some of the discussion is based on informal interviews with auditors, which were analyzed manually through the matrices method of qualitative data analysis. It has been found that lacking financial independence and resource constraints; bad behavior of auditees; training of the auditors and new audit techniques; inadequate staff; insufficient time for Audit; corruption and misuse of audit facilities; and promotions of auditors are the major factors affecting the quality of Audit in District Abbottabad.

Key Words: Audit Quality, Public Sector, District Abbottabad, Khyber Pakhtunkhwa, District Controller, Accounts Offices

Introduction

The Audit is an exercise of holding an enterprise/organization or an institution accountable for their performance and deliverables, but unfortunately, corruption can be one of the worst factors that hinder the way of progress and development of any country. The majority of the developing countries face the problem of corruption. Pakistan is also facing the challenges associated with corruption despite various efforts put in place to minimize the rising graphs of corruption.

Corruption is the end product of several factors including lack of sound and effective accountability and proactive supervision (Masood & Lodhi, 2015). According to Transparency International's (2020) corruption index, Pakistan ranked 124th out of 180 countries in the world and has scored 31 out of 100, which is quite worrisome for the future of this country. This fact developed an interest in researching audit quality and led the focus of this study to explore factors that affect audit quality. Moreover, audit quality has always remained a top priority and concern for many governments and their enterprises/institutions. Sound financial management always needs Auditor as an integral part and a principle for ensuring smooth, good governance because quality audit always plays a stakeholder function in creating and developing various economies around the world (Al-Khaddash et al., 2013).

In the case of the current study, an attempt has been made to investigate the factors affecting audit quality in Pakistan, where a case study of District Abbottabad, situated in the Khyber Pakhtunkhwa (KP) province of Pakistan has been selected for this research study. Studying and researching audit quality in a

¹ Divisional Accounts Officer, Accountant General, Peshawar, Khyber Pakhtunkhwa, Pakistan.
Email: azmatalikhan07@gmail.com

² Assistant Professor, Department of Management Sciences, COMSATS University Islamabad, Abbottabad Campus, Khyber Pakhtunkhwa, Pakistan. Email: mmudassarabbasi@cuiatd.edu.pk

developing country like Pakistan requires lots of effort, wherein such studies need proper scientific research tools and techniques for extracting valid and reliable research results and findings. Very few research studies have been conducted on this topic in Pakistan so far. For example, this study has found only one such study in which Masood and Lodhi (2015) have inquired about the factors affecting the success of government audits in Pakistan. They have found numerous factors obstructing the quality of audits in government audit institutions. Their results show various factors, for instance, lack of financial independence, lack of financial, technological, and human resources, conservative auditing methods, low morale of auditors, and massive corruption (Masood & Lodhi, 2015).

The previous study lacks some methodological considerations; for example, the authors have taken the case of the whole country, which could not be valid because it is not possible to represent a whole country from the views of just 15 auditors. On the contrary, the current study is case-oriented and has taken up District Abbottabad as a case for this study. This research will open up new insights in the field of Audit and will encourage more academic research to explore issues related to audit quality in Pakistan.

Objectives of the Study

The following are the main objectives of this study:

1. To explore factors that hinder the quality of Audit in the selected district
2. To assess those factors according to the importance of prioritization
3. To suggest recommendations and measures in order to improve audit quality and effectiveness

Statement of the Problem

An audit is an independent assessment and inquiry of any government or non-government enterprise/department by an auditor, who ought to deliver audit reports regarding facts assessed to the best of his expertise and knowledge. An audit can be made effective if issues and problems of auditors and audit firms are resolved, and investigating the factors affecting its quality is the need of the hour. This study is an attempt to highlight factors affecting audit quality in the mentioned study areas.

Audit is an exercise of holding any government or non-government department, organization, or institution accountable for their performance. An effective audit is one that is strong enough to transparently present performance lags of government institutions and highlight the facts and figures of corruption in a particular entity. Unfortunately, Pakistan is facing problems of corruption that always result in the mismanagement of public funds, which diminishes public trust and social welfare. Due to a lack of proactive supervision and accountability, the economy and good governance of any country can collapse, which is evidently present in most developing or underdeveloped countries. Very few research studies have been conducted so far on the role of audits and the factors affecting their quality in Pakistan. Keeping in view the gaps in the existing body of literature, the researcher developed his interest and focused his attention on investigating the effectiveness of audit departments in District Abbottabad, KP province of Pakistan.

Significance of the Study

While going through the available body of literature on the audit and factors obstructing its quality, it was found that very nominal research studies have been conducted on the under-researched issue. This study is the first kind to take one district as a case study to evaluate the factors affecting audit quality. This study will be a source that can help audit firms/institutions apply the research results and recommendations to improve the audit quality in their future endeavors.

Furthermore, this study will be a source of instigating and inculcating the desire for carrying out more research on Audit and how to enhance its quality in Pakistan.

Review of Literature

Audit is an official inspection of accounts by an independent body (Kaur, 2013). Auditing is an integral part of the sound financial management principle laid down under the concept of good governance, as it plays a stakeholder function in developing different economies around the globe (Al-Khaddash et al., 2013).



Auditing is a process of clarifying transactions that represent the true and fair view of financial transactions as it adds credit worthiness' to a business (Sulanjaku& Shingjergji, 2015). The diversified nature of government departments throughout the globe requires public accountability, which kicks off with financial reporting (Blann, 2010). The origin of audits may be traced back to ancient Egypt, where checking clerks were appointed by the state to locate frauds and oversee public transactions. Later, in the 18th century due to the industrial revolution, the origin of companies emerged with the concept of investment, which raised the need for audits to check the financial position of the joint stock companies (Kaur, 2013). At the regional level, the Indian Companies Act was promulgated in 1913, and formal cover was assigned to auditors.

Types of Audit and Auditors

Hayes (2004) explains three types of audit, which include the 'Financial Statements Audit,' in which the financial statements are examined and determined. The second type is the 'Operational Audit,' which measures the performance of a specific unit of the organization, and the third one is the 'Compliance Audit,' which reviews the organizational procedures. On the other hand, there are two types of auditors: internal auditors, who perform interim audits after a quarter or six months, and external auditors, who perform annual audits at the end of the year. The audit process in the public sector consists of six different phases, which are preliminary planning, pre-survey, survey, data collection and analysis, reporting, and lastly, post-audit evaluation; moreover, the general principles of auditing include Independence, professional skepticism, due care, and confidentiality of information.

Theoretical Debate on Audit Quality

Components from various theories have been taken to understand the problem raised by this study. As it provides the basic framework for the process. While audit quality is a debatable theme broadly discussed in the literature (De Fond, 2014), there are different theories that support the need for auditing functions in emerging societies. According to the policeman theory (Ittonen, 2010), auditors are liable for the prevention and detection of fraud; however, they are responsible for presenting true and fair views of financial records.

The credibility theory (Herzog, 2010) focuses on adding credibility to the financial statements of organizations, which is an essential part of auditing as it boosts ultimate user confidence in the entity. The theory of inspired confidence (Limperg, 1932) concentrates on both the demand and supply side of audit services provisions as outside parties cannot monitor the institution's activities. Therefore, they demand external Audits, and this demand can be satisfied by the supply of independent services as it raises public confidence in organizations. On the other hand, the agency theory (Jensen, 1976) highlights that it is in the interest of both management and third parties, which are shareholders and stakeholders, to conduct audit services because both have the intention towards maximization of profit and shareholders' wealth. The grounded theory method is an emerging trend used in accounting and auditing studies to investigate the evolution of the presentation of financial statements in the public sector at large (Smith, 2003).

The theory of managing colonizing tendencies explains that quality of audit effects in public sector due to weak working relationship between Supreme Audit Institution (SAI) and other in-line departments, inconsistent political scenario of country, dependence on foreign aid and culture of corruption. These theories reveal the essence of accountability and in contemporary society and audit role to provide reasonable assurance for public interest.

Audit Quality and Factors Affecting Audit

Audit Quality is defined as the probability that an auditor will discover a breach in a client company's accounting mechanism and will report it fairly (De Angelo, 1981) on the basis of which it can be reached that the reputation of the company and power conflict are the two main elements that lead to variations in audit work quality (Deis et al., 1992).

Auditors are dependable in reporting genuinely and giving confirmation to the shareholders concerning the reliability, consistency of the administrative body and accounting policies, reliability, and reality and decency of the customer's fiscal summaries. Audit quality is related in a roundabout way with

the audit tenure, as recommended by Carey and Simnett (2006) that the investigations of audit tenure may investigate the essential target of required Audit firm rotation. The autonomy of the auditor could be weakened with the long auditor-client relationship as the association's ability for basic evaluation may decrease with time. The all-inclusive auditor-client relationship may deflect the capacity of the auditor to give a great Audit (Hamilton et al., 2005). Be that as it may, audit disappointments are by and large higher during the primary year of the client relationship as the new auditor needs more exertion to get comfortable with the client operation (Jackson et al., 2008).

The believability of financial statements is one of the indicators of a top-notch audit. This will prompt improved audit independence. It is normal that the audit rotation is seen to be an endeavor to upgrade audit quality and, in this manner, improve audit independence. The all-inclusive auditor-client relationship may prevent the capacity of the auditors to perform top-notch audit undertakings (Hamilton et al., 2005). Recent studies have been led to explore the effect of required audit rotation towards auditor independence because of genuine absurd overall audit disappointment cases like Global Crossing in the US, WorldCom, Northern Rock in the UK, Enron and Parmalat in Italy, and Metageshaft in Germany. (Onwuchekwa et al., 2012). Compulsory audit firm rotation is a framework that expects organizations to change their independent auditor intermittently (Jackson et al., 2008). Auditor freedom is the establishment of the auditing profession, and one of the dangers to auditor autonomy is expanded audit residency (Nazri et al., 2012). Mohamed and Habib (2013) claimed that mandatory audit rotation is a sound arrangement that is being applied and proposed in various nations to address the issue of auditor independence. However, Jackson et al. (2008) inferred that there are negligible advantages of mandatory audit firm rotation with the extra expenses related to change auditors.

With these contradicting arguments, this study is an attempt to analyze the auditor's perceptions regarding the factors affecting audit quality in the District of Abbottabad located in the province of Khyber Pakhtunkhwa in Pakistan. Furthermore, the study will present those factors in a chronological order of importance which is based on the primary data collected from the Audit and controller of accounts offices in the selected district.

Beattie (2013) further explains the factors affecting audit quality, which include but are not limited to the time and cost required for management to change or appoint auditors, intra-market competition among audit firms, over-dependency of firm revenue from clients, i.e., >15% of annual income, risk of lawsuit against firm, competent employee turnover in the firm, regulatory requirement of changing partner after every seven years, conflict of interest arises in due course of following professional code of ethics and pressure of audit committee of listed clients.

Sulanjaku and Shingjergji (2015) shed light on the factors affecting audit quality, which are direct and indirect measures. Direct measures include the quality of earnings of the client company, its performance based on internal control, and its importance for the firm in the form of economic dependability. Indirect measures consist of professional characteristics such as size, skill, and expertise; auditor's independence in the form of the ability to express his opinion without any external influence or relationship pressure; and last, non-audit services in the form of the provision of tax consultancy, accounts training, and the assistance in recruitment processes.

Now, if we come to the public side of Audit, then influencing factors, as per Masood and Afzal (2015), involve lack of execution power, manual auditing, acceptance of findings, limited time, massive corruption, late follow-up, demotivated auditors, restricted access to previous financial records, limited timeframe for completion of tasks and behavior of client department. Moreover, if it can be seen from a local perspective, then the determinants for the quality of the Audit, as explained by (Masood & Afzal, 2016), are support provided by strategic level management, autonomy to implement audit process, physical environment, rewards, training and budget availability and performance of auditor itself. At the international level, the auditing function in the organization has reasonable differences subject to their obligatory laws, due to which it also faces some challenges, which are the issue of prioritizing the needs of different stakeholders while conducting Audits, developing plans to confront risky areas, obtaining information in limited time span and argument over sufficient and appropriate audit evidence (Paterson, 2015).



In Indonesia, there was a study conducted on 28 accounting and audit firms to check the quality and nature of work, which concluded that the independence of audit staff, their professional experience, and their level of accountability function had a large effect on the quality of audit work performed (Suyono, [2012](#)). In Jordan, a study was conducted to determine the factors that affect audit quality, which present the key aspects as the pay of auditors, professional independence, and competency of auditor, and last, the reputation of the auditor in the market (Al-Khaddash et al., [2013](#)). Besides this, a research study conducted in the USA in 2012 revealed that teamwork of employees and freedom to work have a positive impact on employee performance and work quality (Haenisch, [2012](#)). Moreover, a research study in Nigeria leads to the fact that the important factors for quality of work are the qualification of auditors, tenure of service, and extent of advisory services provided to clients, which affect the audit quality (Adeyemi et al., [2012](#)).

In Western Australia, it was noted that the monopolistic behavior of public sector auditors, the use of old methods, and the lack of technology affect the end results of audit work (Chong, [2000](#)). A research study in Estonia presented the key factors behind the poor quality of work for auditors, such as human resources, political interference, and inappropriate time to complete the audit assigned to them (Etverk, 2002). In the United Kingdom (UK), it was noted through surveys that political elites kept pressurizes the public sector auditors to distort the reports to seek their personal benefits (Hedger et al., [2008](#)).

In Turkey, it was found that audit work quality is good due to the professional autonomy of public sector auditors, the capacity for in-depth investigation in suspect cases, and the ability to take appropriate action as key points (Kayrak, [2008](#)). In different countries of Europe, the common problems faced by auditors, as per studies, are insecurity of their tenure, ill advisory government, and absence of performance management system, which are the main hindrances in the effectiveness and efficiency of work (Tudor, [2007](#)). Ozuomba ([2016](#)) provides the reasons for ineffective auditing in the public sector as lack of provision of an audit manual, lack of growth prospects, reporting structure and professional independence, the scope of work, privileges, and hazards of office.

Audit Quality: The Case of Pakistan

When it comes to the regional level, a study in Pakistan reveals that pay, professional autonomy promotion (Mehmood, [2012](#)), working condition, job security training, and employee empowerment leads to a better quality of work in both public and private sectors. In Pakistan, the Financial Audit Manual (FAM) was introduced in 2006 as a guiding principle for conducting Audits in public sector departments and institutions by the supreme audit institution of the country, which is the Auditor General of Pakistan (AGP), for implementation in its field offices which is based on International standards and best practices. as per international auditing standards. The government audit includes both regulatory and performance audits while a regulatory audit involves the attestation of financial statements, and a performance audit comprises checking efficiency and effectiveness.

Besides that, Goodson ([2012](#)) provided supplemental guidance for the key elements that play a big role in public sector audit organizational independence, legal mandate, access to records, appropriate funds, leadership, staff with competency and objective, support of stakeholders and last one availability of professional standards for auditing.

The aforementioned (Al-Khaddash et al., [2013](#)) suggest factors that cause reluctance in audit quality as internal control environment, size of the client firm, the fee of auditor decided, auditor independence and reputation in the market, qualification, proficiency, and industry specialization of the auditor. Wakil et al. ([2020](#)) further enlighten the causes affecting audit quality in the public sector, which are the independence of the auditor in the provision of non-audit services, tenure and quality of audit work done for client companies, relationship with clients, objectivity of tasks, and transparency of report provided. Masood and Lodhi ([2016](#)) link audit quality in the public sector with HR practices in organizations, audit facilities provided, auditor and client behavior, and other external factors. Furthermore, studies of key components that determine the audit quality in the public sector revealed that determinants increase if there is industry specialization and decrease, subject to the size and financial strength of client organizations (McLelland, [2000](#)).

Research Methodology

Locale of the Study Area

This study was conducted in District Abbottabad, where data have been collected from the Directorate of District Audit and District Controller of Accounts Offices located in the city of Abbottabad. The district covers an area of 1969 km² and is situated in the Hazara Division of Khyber Pakhtunkhwa (KP) province, Pakistan. The district is surrounded by District Haripur to the West, District Mansehra to the North, and Rawalpindi to the South, while Pakistan-occupied Kashmir lies in the east.

Map of the Study Area: Abbottabad



Source: [Google Map](#)

Sampling Techniques Adopted

For conducting this study, purposive sampling and snowball sampling techniques have been adopted and followed for selecting and finding relevant and knowledgeable respondents from the Directorate of District Audit and District Controller of Accounts, Abbottabad. Resultantly, both these techniques were quite effective in finding relevant and valuable respondents because both sampling techniques help researchers find respondents relevant to their studies and can fulfill the criteria. Since the researcher is also working in the field of auditing, these techniques have helped him a lot in finding and reaching out to knowledgeable respondents.

Sample Size

In total, 20 face-to-face interviews from both male and female respondents were conducted from District Abbottabad to carry out this study, using a questionnaire composed of close-ended questions. The majority of the respondents' responses were captured on a Likert scale, indicating individual responses against each item in the questionnaire. Descriptive analysis has been conducted for the primary data using Statistical Package for Social Sciences (SPSS) version 25. Moreover, some of the findings were also extracted from the informal interviews and discussions with the respondents, where the data was analyzed manually through the matrices method of qualitative data analysis.

Results and Discussion

This chapter gives a detailed description of the analysis and representation of the data collected from the selected respondents from the audit offices in District Abbottabad. The chapter presents various factors



affecting audit quality in chronological order of importance, as shown in the tables and appendix, which are the outcomes of the primary data collected and then analyzed through SPSS software. Each of the sub-themes in this chapter is supported by a table extracted from the SPSS analysis of the primary data.

Lacking Financial Independence and Resource Constraints

The data analysis shows that most of the respondents (70%, as shown in Table 1 and Appendix 1) are of the viewpoint that they have no financial independence from the ministries and government administrative institutions. Moreover, 80 % of the respondents said that Parliament allocates insufficient budget to meet auditors' needs. It was also found during the informal interviews that auditors often face financial problems in dealing with managerial matters inside their offices. The respondent said that with rising costs and ascending inflation, the auditors' offices need adequate funds to effectively carry out their managerial matters. They shared that the auditors enjoy operational independence while working independently of the ministry. Although they have operational independence, they have no financial independence as it rests with Parliament. The respondents interviewed also demanded a government revision in their salaries.

Table 1

You enjoy financial independence from ministries in managerial matters and sufficient resources.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	14	70.0	70.0	70.0
	Neutral	2	10.0	10.0	80.0
	Agree	4	20.0	20.0	100.0
	Total	20	100.0	100.0	

Source: Primary data

Auditee's Behavior

Cooperation of auditees with the auditors always resulted in effective and easy completion of the audit process. On the contrary, this study has found that in this case study, auditees do not cooperate in providing records timely and systematically to the auditors. Auditee behavior is another factor obstructing the quality of auditing in District Abbottabad. The majority of the respondents (55 %, as shown in Table 2 and Appendix 1) showed their concerns over the rude behavior of the auditee organizations. The data also shows that the respondents shared that auditees are never willing to be audited and do not cooperate with the audit office regarding access to official records. Auditees also make intentional delays in producing and giving the records to auditors, which eventually causes Audit to be ineffective. Moreover, most of the time, when audit findings and their evidence are strong, then the auditees do not accept the audit findings and deny the reports. They pressure the auditors all the time to change and mold the audit findings according to their wishes and demands. So, in short, the behavior of the auditees is one of the most significant factors that affects the audit quality in District Abbottabad.

Table 2

The auditee accepts whatever loopholes in budget utilization are identified in audit reports. Or auditee behavior remains rude

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	55.0	55.0	55.0
	Neutral	1	5.0	5.0	60.0
	Agree	8	40.0	40.0	100.0
	Total	20	100.0	100.0	

Source: Primary source

Training of the Auditors and New Audit Techniques

There is a need for effective and advanced training for auditors in order to upgrade their skills and make them compatible with modern and prevailing ways of auditing. Various advanced audit techniques are currently being used in the world. For example, the voucher-based system, system-based approach (SBA), audit command language (ACL), sensitivity analysis, and, most importantly, editing software like Excel and SPSS.

The auditors in the district of Abbottabad still use manual auditing techniques and an obsolete audit system because they lack training regarding the use of advanced technology. Training institutes should properly train auditors on these important techniques to overcome the loopholes in the audit system and enhance its quality. As shown in table 3 and Appendix 1, 80% of the respondents endorse the fact that they need proper and advanced training in order to enhance their capabilities and ensure quality auditing. Some of the respondents also shared that audit offices are too formal in dealing both inside / outside, and the staff members are always trapped in the red tape. So, the auditors need advanced training techniques to overcome the pressure situation both physically and mentally.

Table 3

There is a need for new approaches for your department for evidence selection and analysis.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	10.0	10.0	10.0
	Neutral	2	10.0	10.0	20.0
	Agree	16	80.0	80.0	100.0
	Total	20	100.0	100.0	

Source: Primary data

Inadequate Staff

It was found during the analysis of data that the district account offices need adequate staff in order to carry out their tasks timely and effectively. As shown in Table 4 and Appendix 1, 55 % of the respondents were of the viewpoint that the audit offices are understaffed, and they need more auditors and accountants to share the huge burden and to strengthen the audit quality. Although contrary to their earlier statements about the need for advanced training techniques, 50 % of them shared that the staff is competent enough to carry out the audit system, while the rest showed the need to improve the competencies by providing them with advanced training and audit techniques.

Table 4

An adequate number of staff is available to conduct an Audit

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	55.0	55.0	55.0
	Neutral	2	10.0	10.0	65.0
	Agree	7	35.0	35.0	100.0
	Total	20	100.0	100.0	

Insufficient Time for Audit

It was explored in the analysis of primary data that auditors need sufficient time to properly conduct Audits of large enterprises. Among the respondents, 70 % (as shown in Table 5) agree with the question that they do not have sufficient time to effectively conduct audit audits of large enterprises, and this factor creates a hurdle in the way of conducting smooth and quality audit audits. Such a rushing situation creates panic, exhaustion, and extra burden on the auditors. Most of the respondents said that for the majority of the cases they handle, they always need extra and sufficient time to conduct the Audit properly and effectively. Unfortunately, despite several demands, the management and the officers in the higher ranks do not realize the plight we are living in.

**Table 5**

You are provided with sufficient time in proportion to the size of the auditee/formation to conduct the Audit effectively

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	14	70.0	70.0	70.0
	Neutral	4	20.0	20.0	90.0
	Agree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Source: Primary data

Corruption and Misuse of Audit Facilities

Misuse of audit facilities hampers the effectiveness of Audit and minimizes audit quality. As shown in the table6 and Appendix 1, the data analysis shows that 50 % of the respondents endorse the fact that auditors at the top management misuse certain facilities that are meant to be for official use (detailed explanation was recorded during informal open-ended interviews with the respondents). For example, office cars can be misused for personal mobility and for fulfilling domestic needs.

Table 6

Head auditors misuse audit facilities for their personal benefit.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	15.0	15.0	15.0
	Neutral	7	35.0	35.0	50.0
	Agree	10	50.0	50.0	100.0
	Total	20	100.0	100.0	

Source: Primary data

Promotions of Auditors

Lastly, it was also found from the data analysis and informal interviews that promotions of auditors are not granted in a timely manner by the management, which ultimately hampers the effectiveness of audit quality. The majority of respondents (50 %, as shown in table 7 and Appendix 1) were of the opinion that the management always ignored promotional aspects of the auditors, which resulted in a low willingness to work and perform. They also shared that delays in the promotions of most of the auditors create uneasiness among them, and this state of mind and sense of deprivation eventually leads to poor performance at work. By poor performance, it means that the audit quality is compromised.

Table 7

Management does not focus on promotions of auditors in a timely manner, which hampers audit effectiveness.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	10.0	10.0	10.0
	Neutral	5	25.0	25.0	35.0
	Agree	13	65.0	65.0	100.0
	Total	20	100.0	100.0	

Source: Primary data

Table 8

Overall Descriptive Analysis of the Data

S#	Statements	Disagree	Neutral	Agree
1	Training institutes are helpful in training auditors	5 (25)	3 (15)	12 (60)
2	Training provided by these institutions is sufficient enough to prepare	11	2	07

S#	Statements	Disagree	Neutral	Agree
	auditors to play their roles effectively	(55)	(10)	(35)
3	The auditing technique you used for evidence selection and analysis is useful	9 (45)	2 (10)	09 (45)
4	There is a need for new approaches for your department for evidence selection and analysis	2 (10)	2 (10)	16 (80)
5	The audit team is honest enough to treat these facilities only for audit purposes	4 (20)	7 (35)	9 (45)
6	An adequate number of staff is available to conduct an Audit	11 (55)	2 (10)	07 (35)
7	Staff is competent enough to conduct Audits effectively	9 (45)	1 (05)	10 (50)
8	The auditee accepts whatever loopholes in budget utilization are identified in audit reports. Or auditee behavior remains rude	11 (55)	1 (05)	08 (40)
9	Your staff is engaged in manipulating audit audits repeatedly	15 (75)	3 (15)	2 (10)
10	You are provided with sufficient time in proportion to the size of the auditee/formation to conduct the Audit effectively	14 (70)	4 (20)	2 (10)
11	You do follow up with auditee/formation whether they are implementing audit recommendations or not	3 (15)	4 (20)	13 (65)
12	Audit criteria vary from auditee to auditee	1 (05)	0 (00)	19 (95)
13	Your top management supports the integrity of the report or gets pressurized to change facts	1 (05)	7 (35)	12 (60)
14	You enjoy financial independence from ministries in managerial matters and sufficient resources	14 (70)	2 (10)	04 (20)
15	Parliament allocates sufficient budget to meet auditors' needs	16 (80)	1 (05)	3 (15)
16	Management does not focus on promotions of auditors in a timely manner, which hampers audit effectiveness	02 (10)	05 (25)	13 (65)
17	Head Auditors misuse audit facilities for their personal benefits	03 (15)	07 (35)	10 (50)

Source: Primary data collected from the study area

Conclusion and Recommendations

This study has been conducted in District Abbottabad of Khyber Pakhtunkhwa (KP) province of Pakistan. The study aims at examining the factors affecting audit quality in the Directorate of District Audit and District Controller of Accounts Offices in Abbottabad. Twenty respondents were selected, and their respondents were recorded through a questionnaire composed of close-ended questions on Likert scale. The responses and collected data were analyzed through the use of SPSS software.

It has been observed from the findings of this study that the staff working in the above-mentioned offices is working under immense pressure due to certain factors. These factors include inadequate staff, insufficient time for Audit, lack of financial independence and resource constraints, bad behavior of auditees, training of the auditors and new audit techniques; corruption and misuse of audit facilities, and promotions of auditors are the major factors affecting the quality of Audit in District Abbottabad.

After careful analysis of the data, this study puts forward various recommendations for the concerned government departments and other stakeholders. This study recommends that a suitable budget ought to be assigned to be independent in dealing with managerial expenses. An arrangement of merit-based recruitment as opposed to bias-based recruitment ought to be presented. Profoundly taught and technologically mindful professionals ought to be chosen. Furthermore, technology ought to be redesigned in an ideal way to urge all employees to utilize advanced and new auditing techniques. Auditors ought to have the ability to make a move against cheats in financial information instead of simply reporting. Audit findings ought to be imparted to the public. The correspondence technique ought to be embraced to impart review findings in effectively reasonable phrasing to the general public.



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