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# **A Proposed Framework to the Professional Dimensions of Audit Quality in Egypt in light of Audit Quality Framework Issued by IAASB**

## **Abstract**

Given the importance of the professional implications of the general framework issued by the IAASB in 2013, a need for further analysis of the most important dimensions of the audit quality as suggested by the IAASB emerged. This research attempted to recognize the audit quality dimensions proposed by the general framework, in order to be able to identify the main determinants of audit quality proposed by the framework from three different perspectives; the audit firm perspective, the client perspective, and the professional practicing environment perspective. Afterwards the research aimed to tailor a similar framework that suits the Egyptian environment by identifying the professional dimensions of audit quality in Egypt based on both; the literature point of view and the general framework of 2013 suggestions. A descriptive type of research is conducted, relying on secondary data, and a qualitative analysis took place to end up with a suggested framework for the Egyptian context along with a direction to the most important research areas in the field of audit quality in Egypt now and in the future.

## **1. Introduction**

The general framework for audit quality issued by the International Auditing and Assurance Standard Board IAASB is considered to be a unique professional and research project in this context. Such a framework has professional dimensions that deserve further attention in accounting research, as it identifies the main determinants of audit quality from three different perspectives; the audit firm perspective, the client perspective, and the professional practicing environment perspective. Nevertheless being designed to suit the international environment, it must have a kind of generality that needs to be customized to each country according to its particular characteristics of the business environment. Especially in Egypt, where the accounting profession suffers a mis-coordination from one side and a demand for better audit services from those dealing in the Egyptian Securities Exchange from the other side, the researchers found it a must to have the initiative to tailor the General Framework of audit quality of the IAASB, 2013, to the Egyptian case, and open the door for future research in this area in Egypt.

## **2. Research Objectives**

This research aims to study and analyze the most important dimensions of

the audit quality framework issued by IAASB, in addition to proposing a framework for audit quality dimensions that fits the Egyptian professional practicing environment.

### 3. Research Problem

There is no doubt that the general framework for audit quality issued by the IAASB has professional importance, that can be used as a base in specifying the most important determinants of audit quality and for future research in this audit domain. Accordingly this research will try to answer the following questions:

- What are the most important dimensions of the audit quality framework issued by the IAASB?
- What are the most important determinants of audit quality from the audit firm perspective, client perspective, and professional practicing environment perspective?
- What are the most important features of the suggested framework of professional dimensions of audit quality in Egypt?
- What are the most important research areas in the field of audit quality in Egypt now and in the future?

### 4. Research Importance and Motivation

By discussing the dimensions of the audit quality framework and proposing a framework for audit quality dimensions tailored to the Egyptian case, the research is filling a gap in the research area in this field that focuses on developing countries and emerging markets. In addition to the importance of discussing an important aspect of auditing service; quality; that should be of con-

cern to those interested in the development of the auditing profession. Moreover, the research also has a practical importance as it aims to modify the dimensions of the auditing framework in order to fit the Egyptian professional practicing environment. Despite the research have lots of motives, the most important of which are: Rarity of accounting research concerned with the adaptation of the IAASB framework to the Egyptian practicing professional environment, and using this framework as a guidance to derive applicable framework for audit quality in Egypt, and finally, suggesting implications for future research in this accounting field in Egypt.

### 5. Research Plan and Methodology

To achieve research objectives, and answer research questions, the research will follow a descriptive approach to tackle the problem, depending on secondary data furnished by the General framework for audit quality issued by the IAASB 2013, and the relevant literature review. The research is organized as follows:

- 5.1 General framework for audit quality issued by the IAASB
- 5.2 General determinants of audit quality
- 5.3 Determinants of audit quality related to audit firm
- 5.4 Determinants of audit quality related to the auditor
- 5.5 Determinants of audit quality related to the professional practicing environment.
- 5.6 Features of the proposed framework to the professional dimensions of audit quality in Egypt.

## 5.1 General Framework for Audit Quality issued by the IAASB

(International Federation of Accountants (IFAC), 2013):

**The IAASB specified a general framework for audit quality that has main dimensions as follows:**

### ➤ Audit Quality Framework

Auditors are responsible for providing a continuous high quality audit process that results in issuing an unbiased audit opinion based on competent and relevant audit evidence obtained by the engagement team, through performing the following:

- Reviewing the values, ethics and directions relevant to performing the audit process.
- Possessing the sufficient knowledge and expertise by members of the engagement team who had devoted enough time to perform the audit process.
- Applying strict procedures during performance of the audit process and quality control.
- Issuing – a value relevant- report in an appropriate time.
- Interacting with the different stakeholders

The framework specifies the main features that reflects the point of views of various stakeholders and enhances the quality of the audit process. Accordingly, this framework aims to:

- Increase awareness of the basic elements of audit quality.
- Encourage stakeholders to verify the methods that used to improve audit quality.
- Simplify the discussion among stakeholders about issues related to audit quality.

The framework is applied in auditing of all companies by different audit firms regardless of their size.

Although the quality of audit is affected by factors such as inputs, outputs, main interactions, and the environmental factors shown in the audit quality framework, the audit quality framework per se is not sufficient to evaluate the quality of each audit process separately. This is because the auditee might have some features that specifies matters that could also affect the quality of the audit process, for example, nature, time and extent of audit procedures and the sufficiency and relevance of audit evidence in response to the material misstatements found in the financial statements of the auditee, in addition to the degree of compliance to related standards.

**The framework for audit quality consists of the following elements:**



**a- Inputs:** Inputs can be classified in the following categories:

- Auditors' values, ethics, and attitudes that are affected by the prevalent culture in the audit firm
- Auditors' knowledge and expertise and the time specified for them to perform the audit process
- Effectiveness of the audit process and audit quality control procedures.

Audit quality features in each input category can be classified in accordance to:

- Level of audit engagement
- Level of audit firm, and accordingly, the level of various audit processes performed by the audit firm (indirect method)
- Local level, and accordingly, the level of different audit firms located in the same country (indirect method)

Inputs related to the audit quality are affected by the environment through which the audit process is performed, and also by the main interactions between the various stakeholders and outputs of the audit process.

### **b- Outputs**

Outputs are determined in accordance to legislative requirements. The effect of different stakeholders on the nature of output also varies. Looking at the practical reality, the audit report is the main output for some stakeholders especially, investors.

### **c- Main Interactions between stakeholders**

Stakeholders play a major role in supporting a high quality financial reports preparation process. The interaction among them affects the desired audit quality. Such interactions include the formal and informal communications between them. In addition, they are af-

ected by the environmental factors and affect the dynamic relationship between inputs and outputs. For example, discussions between the auditor and those responsible for the corporate governance process during the planning stage of the audit process affect skills used (inputs) and the form and content of audit report by those responsible for corporate governance (outputs)

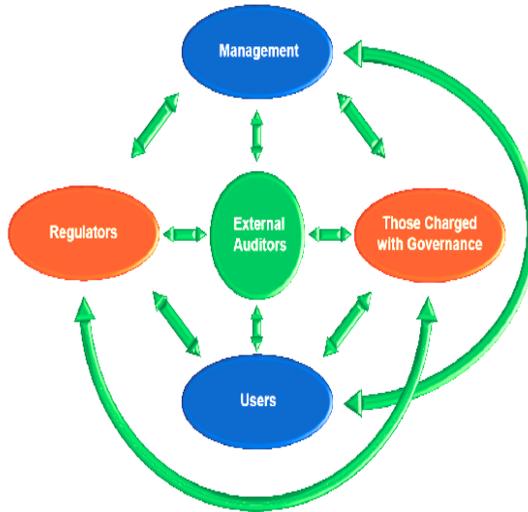
### **d- The environment (Application contexte)**

It has been made obvious that many environmental factors affect the quality of financial reports, among them are; corporate governance, applied framework for the preparation of financial reports, legislative and regulatory requirements, and the form of main interactions among stakeholders. These factors also affect audit risk, nature, time and extent of audit evidence and efficiency of the audit process.

#### **➤ The effect of main interactions among the financial reporting supply chain parties on the quality of audit:**

The financial reporting supply chain represents the various individuals and processes involved in the preparation, analysis, review and usage of financial reports. In order to prepare high quality financial reports, there must be a close communication between the various parties involved in the supply chain, due to the vital role for each of those parties in supporting the quality of the audit process, as these interactions directly affect the quality of audit process and include formal and informal communications. In addition, the nature and extent of interactions are also affected by the objectives of involved parties and the context through which these interac-

tions are performed. Interactions related to audit quality are represented by the following diagram:



**From the preceding diagram, interactions related to audit quality can be summarized as follows:**

- a. Interactions between auditors and management
- b. Interactions between auditors and those responsible for corporate governance
- c. Interactions between auditors and users of financial reports
- d. Interactions between auditors and financial market regulators, or those responsible for the control and supervision of audit firms' performance (Profession regulators)
- e. Interactions between management and those in charge for corporate governance
- f. Interactions between management and financial regulators
- g. Interactions between management and financial statement users
- h. Interactions between those in charge for corporate governance and regulators
- i. Interactions between those in charge for corporate governance and financial statement users
- j. Interactions between profession's regulators and financial statements' users.

## **5.2 Determinants of audit quality`**

Due to the vital role played by the audit process in increasing the reliability and credibility of accounting information and therefore increasing users' confidence in the content of financial statements, related professional bodies and researchers have been much concerned about the verification of the audit quality definition and the identification of its determinants in order to achieve and enhance audit quality. (Al-Khaddash et al., 2013 and Aobdia et al., 2015)

There is a disagreement on the definition of audit quality; some authors (Al-Khaddash et al., 2013 Anis,2014) believe that audit quality refers to the auditor's ability to detect and report material misstatements in the financial statements, thus, they conclude that it consists of two determinants which are; competence of the auditor and his ability to detect material misstatements from one side and auditor's independence which determines his readiness to report about the detected material misstatements from the other side.

While Bahaa ElDin (2008) explained that audit quality refers to auditor's compliance with professional standards, rules, and code of conduct and accordingly, audit quality refers to auditor's ability to detect and report material misstatements in the financial statements, in light of his compliance with professional standards, rules and code of conduct.

Whereas (Kilgore et al., 2011; Deng et al., 2014; and Bills et al 2015) pointed out that in order to define audit quality, its determinants must be identified. They found out that audit quality determinants relate to planning phase of the audit process, fieldwork phase, finalizing the audit process phase and preparation of audit report. Bahaa ElDin (2008) and ElSayed (2012) asserted that planning the audit process involves lots of variables that affect the quality of the audit process such as the timing, risk assessment and changes in the audit client.

Bahaa ElDin (2008) suggested that fieldwork phase, finalizing the audit process phase and preparation of audit reports depend on many variables that affect audit quality. The field work de-

pends on quality of the audit program, finalization of the interim audit work before end of the year, understanding client's business and professional expertise of the audit team. In addition, finalizing the audit process depends on the timing, quality of operations, evaluations of audit team, modification of time budget, and the requisition of audit fees.

While Kilgore *et al.*(2011); Deng *et al.*(2014); Bills *et al.*(2015); Svanberg & Ohman (2015); Ettredge *et al.* (2014) agreed on the effect of certain determinants related to the audit firm on the desired quality. Kim and Yi (2009); Kilgore *et al.*(2011); Ettredge *et al.* (2014); Johnstone *et al.*(2014); Aobdia *et al.*(2015) also stressed on the effect of certain determinants related to the auditor and audit team on enhancing audit quality. Finally, Kim and Yi (2009) and ElSayed (2012) agreed on the effect of professional practicing environment on audit quality.

Based on the above discussion, determinants of audit quality can be classified in accordance to the level of audit firm, auditor, and audit team. The following sections are devoted to the illustration and elaboration of each level separately.

### **5.3 Determinants of audit quality related to audit firm**

In this context, several researches explained that those determinants are represented by size of audit firm, litigation, reputation, obligatory rotation, providing management advisory services, quality of control procedures over the audit processes, expertise, extent of response to client's requirements, and industry specialization (Kilgore *et al.*, 20-

11; Deng *et al.*, 2014; Bills *et al.*, 2015; Svanberg & Ohman, 2015; Ettredge *et al.*, 2014). Bahaa El Din (2008) also added to those factors the time budget constraints, appropriate planning for audit, appropriate preparation for audit working papers and validity and sufficiency of audit evidence.

By looking to the effect of these determinants on audit quality, Kilgore *et al.* (2011); and Al-Khaddash *et al.* (2013) pointed to the positive effect of industry specialization on audit quality due to the auditor's deep knowledge of the client's industry and his various operations, which increases the probability of detecting material misstatements in the financial statements, and also increasing the efficiency and effectiveness of audit process, which in turn is positively reflected on the audit quality.

Moreover, many researches agreed on the positive effect of audit firm size on audit quality. This has been justified by the availability of capabilities, knowledge, skills, training programs, new technologies in large sized audit firms, which, in turn, contributes to the increase in the efficiency and the effectiveness of performance and consequently enhances audit quality, as compared to small sized audit firms (Al-Khaddash *et al.*, 2013; Deng *et al.*, 2014; Bills *et al.*, 2015; Svanberg & Ohman, 2015; Ettredge *et al.*, 2014). To overcome these obstacles that limit small sized audit firm ability to perform the audit process with the desired audit quality, Bills *et al.* (2015) suggested that small sized audit firms should seek membership in audit associations as this membership would allow them to access all the resources needed to perform their work efficiently and effectively,

which is positively reflected on the quality of audit work performed by small sized audit firms.

On the other side, Lennox *et al.* (2014); Svanberg & Ohman (2015); Ball *et al.* (2015); Kwon *et al.* (2014); Bandyopadhyay *et al.* (2014); Elder *et al.* (2015) agreed on the positive effect of obligatory rotation of audit firms on the quality of the audit process as it is assumed to prevent the possibility of establishing economic and personal relationships between the same auditor and the client after a long period of working together. This in turn leads to higher level of auditor's professional skepticism and thus high confidence by the investors.

In contrast, Lennox *et al.* (2014) pointed that some audit clients prefer applying the policy of obligatory rotation of the audit firm, especially when the auditor issues a modified or adverse audit report and not response to pressures from the client, which causes the clients to prefer those audit firms providing audit services at lower costs regardless of the quality of these services, which reflects the negative impact of applying an obligatory rotation policy by the audit firm on audit quality.

The researcher supports the positive effect of obligatory rotation policy by audit firms on quality of the audit process. However, he suggests, in order to limit the opportunistic behavior of management of the audit client and its tendency to present misleading financial reports through depending on audit firms below the standards, professional bodies must issue several legislations that guarantee the level of services provided by all audit firms, in addition to activating legal accountability for audit

firms when detecting any manipulations in the financial statements.

In order to verify the effect of providing management advisory services by audit firms to the auditee on audit quality, Tobias (2013) and Ferguson et al (2014) pointed to the positive effect of providing management advisory services to the auditee on the level of realized audit quality, due to auditor's increased knowledge of the nature of auditee business and the possibility of obtaining more relevant information, which increases the effectiveness and efficiency of performing the audit process and accordingly enhancing the audit quality.

In contrast to this point of view, Kwon *et al.* (2014) and Ashan & Shahneaz (2015) realized the negative impact caused by providing advisory services on audit quality, as a result of threatening auditor's independence and causing him to become more tolerant to the firm's fraudulent behavior in order not to lose the fees associated with these services, which in turn could negatively affect the quality of the audit process. The researcher also supports the negative impact for providing advisory services on the quality of the audit process.

On the other side, Svanberg & Ohman, (2015) advocated that the number of lawsuits raised against the audit firm as an indicator for audit quality, as Ghosh & Tang, (2015); Svanberg & Ohman, (2015) pointed that the susceptibility of the audit firm to law suits in case of the intended failure to perform the audit process, limits the audit firm's response to clients' pressures to maintain auditors' objectivity and independence, in addition to increasing audit pr-

cedures used to detect material misstatements in the financial statements, which is positively reflected on the quality of the audit process.

In addition, Skinner and Srinivasan (2012) and BahaaElDin (2008) consider the reputation of the audit firm as one of the determinants of audit quality which serves as a motivating factor for the auditor to increase the efficiency and effectiveness of his performance and so increases the credibility of financial reports being audited, and developing the audit service provided, due to auditors' concern about protecting the audit firm's reputation and attracting new clients, which in turn is reflected on the bonuses and compensation of auditors.

Based on the previous discussion, the research summarizes the positive effect of several determinants related to audit firm on the quality of the audit process, the most important of which are: industry specialization of the audit firm, increased size of audit firm, commitment to obligatory rotation policy, limited advisory services provided to the firm being audited, good reputation for audit firm and the susceptibility of audit firms to litigation.

## **5.4 Determinants of audit quality related to the auditor and audit team**

In this context, Kim & Yi (2009); Kilgore *et al.* (2011); Johnstone *et al.* (2014); Aobdia *et al.* (2015); Goodwin & Wu, (2015) pointed to the effect of several determinants related to the auditor and the audit team on audit quality. Amongst those determinants, the most important are found to be; expertise, knowledge of the nature of client industry, technical and professional qualifi-

cation, and participation in training courses. Kim and Yi (2009) added to the previous factors the possible effect of behavioral factors, such as practical honesty, independence, and cooperation among the audit team, on the audit quality.

By analyzing the effect of these determinants on audit quality, Kilgore *et al.* (2011); Ettredge *et al.* (2014); Johnstone *et al.* (2014); Aobdia *et al.* (2015); Goodwin & Wu (2015); Cahan & Sun (2015) had noticed that the presence of a positive effect for auditors' and audit team's expertise, competence, skills and knowledge on the quality of the audit process.

In addition, Anis (2014) and Sarwoko & Agoes (2014) recognized the presence of a positive effect for auditor's independence on the quality of the audit process, which can be attributed to the increased auditor's ability to choose and apply relevant audit procedures in a more objective and unbiased manner, which in turn results in increasing the probability for detecting material misstatements in the financial statements and accordingly enhancing the audit quality.

On the other hand, Kilgore *et al.* (2011); Sarwoko & Agoes (2014); Elder *et al.* (2015); Anis (2014) provided evidence for the positive effect of industry specialization by the auditor on audit quality, which can be attributed to his deep knowledge of the nature of client's business and the various risks that might face the clients, and so increase auditor's ability to specify more relevant audit procedures for detecting material misstatements in the financial statements in addition to increasing au-

ditor's professional skepticism which is positively reflected on audit quality.

In addition many researchers referred to the effect obligatory rotation of auditors might have on audit quality (Ball *et al.*, 2015; Lennox *et al.*, 2014; Kwon *et al.*, 2014; Bandyopadhyay *et al.*, 2014); Lennox *et al.* (2014); Elder *et al.* (2015); and Ball *et al.* (2015) had provided evidence regarding the positive effect of obligatory rotation policy on audit quality. On the other hand, Kwon *et al.* (2014); and Bandyopadhyay *et al.* (2014) concluded the absence of any effect for obligatory rotation of the auditors on audit quality.

Accordingly, based on the previous discussion, the research concludes that many determinants related to the auditor and audit team have a positive effect on audit quality. The most important of which are educational and practical qualifications of the auditor and members of the audit team and developing their several competences and skills, maintaining auditor's independence both in fact and in appearance so that he can perform his work in an objective and unbiased manner, the auditor's deep knowledge of the nature of client's industrial processes and the different operational complexities related to it and the risks that might affect the client and finally the obligatory rotation of auditors.

### **5.5 Determinants of audit quality related to professional practicing environment**

Due to the inability of performing the audit process in isolation from the professional practicing environment, the quality of performing the audit process is affected by several environmental factors. In this context, El Sayed

(2012) had pointed to the positive effect associated with the professional practicing environment on audit quality through specifying the requirements and conditions that should be satisfied by the auditor for performing the audit process, among these factors; the importance of professional qualifications and the availability of expertise and professional credibility for those performing the audit process which is represented by audit team's required knowledge and being concerned with developing competencies, training, and continuous education. This is in addition to the availability of quality control and monitoring systems and the importance of compliance to profession's standards and code of conduct.

Bills et al (2015) clarified that the inspection report regarding audit firm's performance prepared by the Public Company Accounting Oversight Board PCAOB helps in classifying audit firms according to the level of achieved audit quality and also determining the inherent limitations in the audit process for each audit firm separately and methods to overcome these limitations, which is reflected on stakeholders' perceived audit quality presented by the various audit firms.

The researcher believes that the inspection process on audit firms' performance contributes in increasing the quality of audit services provided, due to the threat of failure to perform the audit process and to achieve the desired audit quality, whether this failure is intended; which exposes the audit firm to litigation accountability; or not intended which negatively impact the audit firm's reputation and reduces the number of its clients.

On the other side, Ahmed (2013) stressed on the effect of legal environment, through which the audit firm and the auditee are working, on audit quality. In a strong legal system, the quality of the audit process is increased because of limiting management's ability to manage earnings threatened by the risk of being legally accountable, which in turn limits material misstatements in the financial statements. This is in addition to motivating auditors to perform the audit process with the desired audit quality threatened by the failure to perform the audit process and being legally accountable in comparison to weak legal systems. Accordingly, it can be said that the prevailing economic, political, and legal systems affects the audit firm and auditee working environment which in turn affects the quality of the audit process.

Researchers also believe in the possible effect of the nature of the legal system on the positive effect of several determinants related to the audit firm and the auditor on the quality of the audit process, as Salat et al (2010) provided evidence regarding the negative impact that a weak legal system could enhance the positive effect of audit firm size on audit quality.

## **5.6 Features of the proposed framework for professional dimensions of audit quality in Egypt:**

Analyzing the professional practicing environment in Egypt reveals that the Egyptian Stock Market -Egyptian Financial Supervisory Authority at the present- had taken many decisions to improve the quality of professional practice in Egypt. Among these decisions,

is Decision Number (140) for the year 2006 “Standard for quality control for individuals and firms that perform audits and reviews of financial and historical information” that aims to commit audit firms to comply with the quality control system to ensure the extent of compliance with professional standards and legislative and regulatory requirements. Also Decision Number (84) for the year 2008 related to the establishment of a quality control unit that aims to verify the extent of compliance with standards of professional quality, auditing standards, related to ethical and professional rules.

In the same vein, the Egyptian Auditing Standard Number (220) was issued with the title- Quality Control on financial and historical information auditing process- that corresponds to the International Standard (ISA No. 220) that aims to provide the guidance related to responsibilities specified for auditors when auditing financial statements, and also the ethical and behavioral requirements that should be complied with to ensure the performance of the audit process at the desired quality level.

Due to the importance of quality control and the necessity to work on providing reasonable assurance regarding the relevance and sufficiency of control policies and ensuring their effective application, the standard had clarified the importance of hiring a reviewer by the auditor for the purpose of quality control of the engagement, discussion of significant matters that might rise during the audit including those matters that arise during review of quality control, and not issuing the auditor’s report before the review is completed.

Based on the previous discussion, the effect of professional practice environment on audit quality depends on the extent of strength of the control environment and how it is affected by prevailing cultural factors, and the degree to which regulatory bodies are concerned with the audit profession and the enhancement of the quality of this profession. A strong legal environment also contributes in ensuring compliance with related accounting and auditing standards and accordingly increasing the credibility of financial statements and stakeholders’ confidence especially investors, and accordingly their reliance on them when making investors’ decisions in a more rational manner.

The professional dimensions for audit quality relevant to the Egyptian practicing professional environment can be categorized in light of the general framework for audit quality issued by IAASB, and what has been concluded by the researcher from analyzing previous studies as follows:

#### ➤ **Foundations of proposed framework:**

The proposed framework for dimensions of Audit Quality in Egypt is based on several facts in light of related laws, regulations and Egyptian literature in this field. The most important of which are the absence of a professional bodies that are legally supported in Egypt, the performance of the Egyptian Financial Supervisory Authority of some roles in this absent professional organization, and the concentration of professional practice market in Egypt; as 2% of audit firms own 98% of the audit market; spread of small sized audit firms on a large scale, the absence of a merg-

ing concept between these firms, the absence of a team work concept in professional practice in most of the audit firms, the weakness of professional development programs, the absence of professional and legally accountability and finally the weakness of accounting education programs in Egypt.

➤ **Quality Dimensions related to audit firms in Egypt**

It is important to concentrate on industry specialization and encourage a merging policy between audit firms, develop affiliation with large international audit firms, support an obligatory rotation policy for the audit firms, limit the provision of consulting services that might threaten the independence, activate professional and legal accountability of audit firms, and finally divide the big audit firms to main divisions (audit division, tax division, consulting services division, and research division).

➤ **Quality Dimensions related to the Auditor and Audit Team**

It is important to make professional development programs compulsory and passing an exam that measures the level of professional knowledge and expertise every three years, enforcing penalties for violating independence, encouraging industry specialization, activating the policy of rotating auditors while maintaining the policy of rotating audit firms too, to end with encouraging dependence on information technology and decision support systems.

➤ **Quality Dimensions related to professional practice**

The experience of inspection of audit firms must be generalized to include all audit firms, and should not be limited to those firms registered at the Eg-

ypatian Financial Supervisory Authority. In addition, the development and the update of all related professional legislations and the professional provisions in economic legislations, besides the completion of the process of updating auditing standards and professional assurance in a way that ensures narrowing the gaps related to quantitative and qualitative standards. And finally, raising the control bodies concern, especially the Central Bank of Egypt and the Egyptian Financial Supervisory Authority, to execute professional and financial awareness programs and development of accounting education programs, particularly those programs related to International Financial Reporting Standards IFRS. Further, the statements issued by the International Auditing and Assurance Standard Board, especially International Statement on Auditing Standards ISAE. In addition to the existence of formal support from the country to the profession, and the establishment of a professional mechanism besides legal and social accountability of the auditor.

## **6. Research conclusions and implications for future research in Egypt**

The research aimed to study and analyze the international framework for audit quality issued by the IAASB and to analyze the previous foreign and Egyptian literature concerned with audit quality with the purpose of clarifying the professional dimensions for audit quality and how they relate to the Egyptian professional practicing environment through the diagnosis of this environment. The research concluded that the Egyptian practicing professional environment reflects a persistent need to formulate the professional

dimensions for audit quality. Some of these dimensions are related to the auditor and audit team, others are related to the audit firm and the last category is related to the pre-professional practicing environment. The researcher believes that future accounting research in Egypt in the area of audit quality should focus on the following topics:

- The effect of integrating financial reporting supply chain parties on the achievement of audit quality-An applied study on Egyptian companies listed in the stock exchange
- The effect of stakeholders' realization of audit quality on the ethical compliance and professional behavior of the auditor with application on the Egyptian professional practicing environment.
- The effect of audit committee effectiveness on enhancing the quality of external audit- An applied study on Egyptian companies listed in the securities Exchange.
- The effect of integration between the internal auditor and the external auditor on limiting earnings management-An applied study on Egyptian companies listed in the securities Exchange.
- The effect of interaction between audit committee and auditors on reducing management's motivation to commit fraud with the application on the Egyptian professional practicing environment.
- Determinants of the relationship between audit firm size and quality of the audit process- An applied study on the banking sector
- The effect of audit quality on limiting earnings' management practices in co-

mpanies listed in the Egyptian securities Exchange.

- The effect of audit quality on detecting fraud in financial statements of companies listed in the Egyptian securities Exchange.
- The effect of changing ownership structure on selecting a quality auditor-A comparative study between family and non-family businesses listed in the Egyptian securities Exchange.
- The effect of auditor's performance of management advisory services in Egypt on the quality of his audit work.
- The effect of activating new audit international standards, as ISA 700, 701, 705, 706 for the year 2015 on the quality of audit.

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