



The Impact of the Accounting Profession under Algerian Auditing Standards and Professional Performance Standards: A Field Study on a Sample of External Auditors in Algeria

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Abstract

The present study seeks to gain a comprehensive understanding of the practical landscape of the accounting auditing profession in Algeria in the aftermath of the release of 16 Algerian auditing standards. This objective is pursued by assessing the degree to which auditors adhere to both the applicable professional standards and the recently promulgated Algerian auditing standards. The research aims to pinpoint the specific standards that auditors genuinely adhere to during the execution of accounting auditing procedures. Employing a descriptive and analytical methodology, the study develops a questionnaire rooted in the Likert model to gauge enthusiasm. These questionnaires are then disseminated among a selected sample of Algerian account auditors, with subsequent analysis of the responses carried out using the statistical analysis software SPSS. The findings of the study highlight disparities between the current practices of auditors and the recommended professional standards outlined in international guidelines. Notably, Algerian auditing standards are noted to be incomplete, with full issuance yet to be accomplished as of the present date.

Keywords: Accounting auditing, professional standards, Algerian auditing standards

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INTRODUCTION:

The opinion of the external auditor is a crucial foundation and a fundamental pillar for making managerial and strategic decisions for the organization. The external auditor performs financial and tax audit operations related to the financial disclosure of the company. They evaluate its compliance with internationally recognized accounting standards. Based on the results of these audits, the external auditor provides a report

containing their opinion on the quality of the company's accounts and financial disclosures.

The standards followed by the external auditor in conducting audit operations are established according to globally adopted guidelines and directives for auditing. These laws and standards contribute to achieving the quality of the auditing process and ensure credibility and transparency in the financial disclosure of companies.



By adopting local Algerian audit standards, Algeria aims to enhance the quality and reliability of accounting and auditing processes in the country. Algeria hopes that the development of these standards aligns with international standards for auditing and governance, enabling auditing professionals to meet international financial reporting requirements. Adopting high-quality Algerian audit standards allows accountants to play an effective role in supporting the country's economic sustainability and fostering confidence in the financial system. This step also enhances professionalism and excellence in the accounting audit profession in Algeria.

Understanding the current reference in the accounting auditing profession aims to pose the following problem:

What is the current state of the external auditing profession in light of professional performance standards and Algerian auditing standards, following the latest release of Algerian auditing standards approved for the years 2018 until 2021 in Algeria from the perspective of Algerian auditors?

The study's sub-questions arising from the problem include:

- Are professional performance standards sufficient to achieve the quality of accounting auditing when applied alone, according to the perspective of Algerian auditors?
- Can Algerian auditing standards alone enhance the auditing profession and achieve auditing quality when exclusively employed by Algerian auditors?
- What are the standards that Algerian auditors rely on and adhere to in the performance of their duties?

To address the aforementioned questions, the following hypotheses have been formulated:

- The first hypothesis: The practical application of professional performance standards in the field of accounting auditing is essential to ensure the quality of external auditing and compliance with current legislation.

- The second hypothesis: Improving the application of Algerian auditing standards enhances the development and progress of the auditing profession, ensuring high quality in external auditing processes.
- The third hypothesis: Accountants continue to work according to professional performance standards and commit to applying Algerian auditing standards.

Research Objectives:

The study aims to understand the applicable professional performance standards and recent Algerian auditing standards. It also seeks to identify which of these standards auditors actually adhere to during the performance of accounting auditing processes.

METHOD:

A descriptive approach was adopted, evident in the description of professional performance standards and Algerian auditing standards. Additionally, an exploratory and analytical approach was employed by conducting a questionnaire with a sample of experts and Algerian accountants. This was done to understand the current state of the external accounting auditing profession in Algeria and to identify the standards actually relied upon by them.

I - Ethics of the Auditing Profession

To achieve the objectives of the auditing profession, its members must adhere to several fundamental responsibilities. These fundamental responsibilities include integrity, objectivity, professional competence, due care, confidentiality, and professional behavior.

1. Integrity: The principle of integrity imposes a commitment on all auditors to demonstrate integrity and honesty in all their professional and work-related relationships. Integrity involves fair dealing and honesty (source: http://www.cncc.fr/download/traduction_fra_ncais, 2009). In line with this principle, auditors must refrain from participating in any reports, statements, correspondence, or other information if the information:

Includes false or misleading data substantially, or

Includes data submitted in a negligent and indifferent manner, or

Has omitted information that should be included if such omission would be misleading.

2. Objectivity: The principle of objectivity compels all auditors not to compromise professional judgment due to any bias, conflict of interest, or undue influence from others without justification (Sulaiman Helmy, source: <http://www.esaaegypt.com>, accessed 2013/10/09).

Therefore, auditors providing auditing services must maintain independence from the audited client. Independence protects their ability to form opinions without being influenced by factors that might compromise that opinion (International Federation of Accountants,

<http://www.ascajordan.org/UploadFiles/Audit/Audit%20Part%201.pdf>, accessed 2013/10/09, Part 1, p. 84).

Independence is divided into substantive independence and form independence. Substantive independence refers to a state of mental clarity that allows expressing an opinion without any pressures that may affect personal professional judgment. It enables one to work with integrity, objectivity, and professional skepticism. Form independence, on the other hand, involves staying away from facts and essential circumstances that an external party - objective and knowledgeable of all relevant information, including protective measures applied - believes may have influenced the integrity, objectivity, and professional skepticism of the auditor or auditing firm or a team member in the audit service (Mohamed Yahya, accessed 2013/10/1, p. 5, <http://www.esaaegypt.com>).

The term independence itself may imply that the auditor isolates personal judgment from all economic and financial benefits and any other relationships. However, this is unrealistic, as every individual in society has relationships connected to other parties.

Therefore, it is essential to evaluate the materiality of these economic or financial benefits or other relationships in light of what an external party - objective and knowledgeable of all relevant information - believes is unacceptable (Mohamed Yahya, same reference, p. 1).

3. Professional Competence and Due Care

The auditor must perform professional services with due care, competence, accuracy, and diligence. It is essential for them to commit to continuously acquiring professional knowledge and skills, maintaining them at the required level to ensure that the client receives professional services with exceptional competence that keep pace with the latest developments, regulations, and professional practice methods. The auditor must also exercise due care in accordance with the professional and technical standards in force when providing professional services (Mohamed Yahya, same reference, p. 1).

3.1 Professional Competence:

Professional services characterized by competence require issuing sound judgments when applying knowledge and professional skills during the performance of these services. Professional competence can be divided into two independent stages (International Ethics Standards Board for Accountants,

http://www.ascajordan.org/UploadFiles/Audit/Code%20of%20Ethics_.pdf, accessed 2013/10/20, p. 17).

(A) Attaining Professional Competence:

Professional competence can be obtained through various means, including (International Auditing and Assurance Standards Board, 2010):

- Professional education
- Continuous professional development, including training.
- Practical experience.
- Training under more experienced personnel, such as other members of the audit team.
- Education in the field of independence for employees who are required to be independent.

(B) Maintaining Professional Competence:

Maintaining professional competence requires continuous awareness and understanding of professional and technical developments. Continuous professional development helps in developing and preserving the capability for efficient performance within the professional environment.

3.2 Due Care:

Due professional care requires a commitment to perform professional services in the best possible manner, with the auditor able to provide them while giving the clients the best attention, aligning with the profession's responsibility to society as a whole. Auditors must diligently fulfill their responsibilities to clients, employers, and the community. Diligence in work imposes the responsibility to perform services on time and in a proficient manner, adhering to the applicable technical and ethical standards. Due care also requires the member to adequately plan and supervise any professional activity they are responsible for (source: www.socpa.org.sa, accessed 05/10/2013, p. 15).

4. Confidentiality:

The auditor must maintain the confidentiality of information obtained through their professional work. They must not use or disclose any such information without explicit and specific authorization, or when there is a legal, professional, or ethical duty giving them the right to disclose. The auditor should not use confidential information obtained as a result of professional or employment relationships for personal gain, nor should they disclose it to others (Mohamed Yahya, same reference, p. 1).

To ensure the auditor maintains a sufficient level of confidentiality, they must consider the following (Egyptian General Charter for the Ethics and Conduct of the Accounting and Auditing Profession, same reference, pp. 5-6):

- The auditor must uphold confidentiality even in social environments and be attentive to the possibility of intentional disclosure, especially in situations involving long-term relationships with a

colleague or a relative who is not part of their family.

- The auditor must also maintain the confidentiality of information disclosed by a prospective client.
- The auditor should assess the need to maintain the confidentiality of information within the organization.
- The auditor must take all reasonable steps to ensure that their team and individuals providing advice and assistance respect the auditor's duty regarding confidentiality.
- The auditor must continuously consider the principle of confidentiality even after ending their relationship with the client. When acquiring a new client, they have the right to use previous experience, but they must not use or disclose confidential information obtained from a previous professional relationship.

An exception to the above, the auditor may be permitted to disclose confidential information in the following circumstances (International Ethics Standards Board for Accountants, IFAC, 2013, available on):

(A) When the law allows disclosure with the client's authorization.

(B) When disclosure is a legal requirement, for example:

- To produce documents or other evidence in the context of legal proceedings.

- To disclose to competent public authorities violations of the law that come to light.

(C) When there is a professional duty or right to disclose, provided that it is not prohibited by law in the following circumstances:

(1) Compliance with quality review by a professional body or regulatory authority.

(2) Responding to an inquiry or investigation conducted by a professional body or regulatory entity.

(3) To protect the professional interests of the auditor in legal proceedings.

(4) For the purpose of complying with technical standards and ethical requirements.

5. Professional Conduct:

The principle of professional conduct imposes a commitment on auditors to adhere to relevant laws and regulations and to avoid

any actions that the auditor knows or should know may harm the reputation of the profession. This includes actions that a reasonable third party, informed by a thorough assessment of all the specific facts and circumstances available to the auditor at that time, deems negatively affecting the good reputation of the profession (International Ethics Standards Board for Professional Accountants, previous reference, p. 20).

Therefore, when auditors engage in marketing and promotion of themselves and their work, they must not compromise the reputation of the profession. They should demonstrate honesty and integrity while avoiding the following (International Ethics Standards Board of Accountants, IFAC, 2010):

(A) Making exaggerated claims about the services they are capable of providing, their qualifications, or the expertise they possess.

(B) Making derogatory implications or unfounded comparisons with the work of others.

II- Algerian Auditing Standards

Algeria has undertaken reforms in the auditing profession as an extension of accounting reforms through the issuance of Law 10-01, which amends Law 91-08 related to the profession of accounting expert, custodian accountant, and certified accountant. Through this law, Algeria seeks to achieve international compatibility with international auditing standards.

This law also led to the restructuring of the National Accounting Council and the establishment of committees such as the Standardization Committee, which is responsible for issuing local accounting and auditing standards. The council issued 8 auditing standards in 2016 and another 4 standards in 2017.

These standards, as issued, can be presented as follows:

5-1 Presentation of Algerian Auditing Standards (First Set) (Ministry of Finance, Decree No. 002 dated February 4, 2016)

We will now delve into the first set of Algerian auditing standards issued in February 2016, which includes Algerian Auditing Standard 210

(Agreeing on the Terms of Audit Engagements), Algerian Auditing Standard 505 (External Confirmations), Algerian Auditing Standard 560 (Subsequent Events), and also Algerian Auditing Standard 580 (Written Representations).

1. Algerian Auditing Standard 210 (Agreeing on Terms of Audit Engagements)

This standard addresses the auditor's duties to agree with management and, when necessary, those charged with governance in the entity, on the terms of audit engagements. The standard pertains to all audit tasks, including total or partial historical financial statement audits and related tasks. It also considers specific characteristics regarding recurring audits or audits of small entities.

2. Algerian Auditing Standard 505 (External Confirmations)

This standard deals with the auditor's use of external confirmation procedures to obtain corroborative evidence. The auditor's objective in resorting to external confirmation procedures is to conceptualize and implement these procedures to obtain reliable and meaningful evidence. External confirmation is affirmative evidence obtained through a direct, written response to the auditor from an external party, whether in paper, electronic, or another form.

3. Algerian Auditing Standard 560 (Subsequent Events)

This standard addresses the auditor's obligations regarding events occurring after the closing of the accounts within the framework of financial statement audits. The auditor's goals under this standard are to obtain sufficient and appropriate evidence indicating that events occurring between the financial statement date (closing date) and the date of the auditor's report, requiring adjustments to the financial statements or disclosure in them, have been appropriately addressed in accordance with the applied accounting framework.

4. Algerian Auditing Standard 580 (Written Representations)

This standard mandates the auditor to obtain written representations from management within the framework of financial statement

audits. The auditor's objectives are to obtain written representations from management confirming that it has fulfilled its responsibilities, especially those related to preparing the financial statements and the completeness of the information provided to the auditor. The auditor enhances other persuasive evidence related to the financial statements or included confirmations through written representations. The auditor considers it necessary or if required by other auditing standards, to respond appropriately to written representations provided by management or in the case of non-provision of the required written representations by the auditor.

5. Presentation of Algerian Auditing Standards (Second Set) (Ministry of Finance, Decree No. 150 dated October 11, 2016, including Algerian Auditing Standards (M.J.T 300, M.J.T 500, M.J.T 510, M.J.T 700), National Accounting Council.)

Algerian auditing standards issued on October 11, 2016, include Algerian Auditing Standard 500 (Persuasive Audit Evidence), Algerian Auditing Standard 300 (Financial Statement Audit Planning), Algerian Auditing Standard 510 (Initial Audit Engagements – Opening Balances), and Algerian Auditing Standard 700 (Forming an Opinion and Reporting on Financial Statements).

5.1. Algerian Auditing Standard 500 (Persuasive Audit Evidence)

This standard addresses the auditor's duties regarding conceptualizing and implementing audit procedures to obtain sufficient and appropriate persuasive evidence leading to reasonable conclusions on which to base their opinion. This standard applies to all persuasive evidence gathered during the audit. The auditor aims to conceptualize and implement audit procedures that enable them to obtain sufficient and appropriate persuasive evidence to derive reasonable conclusions upon which the auditor forms their opinion.

5.2. Algerian Auditing Standard 300 (Financial Statement Audit Planning)

This standard examines the auditor's responsibilities regarding planning financial

statement audits. It specifically addresses recurring audits and separately addresses additional matters that must be considered in the context of initial audit engagements. The auditor aims to plan the audit effectively. In this context, the auditor is required to develop an audit strategy and work program based on the entity's size and the scope of work to be performed.

5.3. Algerian Auditing Standard (Initial Audit Engagements – Opening Balances)

This standard addresses the auditor's duties regarding opening balances within the framework of initial audit engagements. In the context of the initial audit task, the auditor must gather sufficient and appropriate persuasive evidence to ensure that:

- I. The transfer of balances from the closing of the previous financial year has been correctly recorded, with no material misstatement affecting the financial statements of the current fiscal year.
- II. Appropriate accounting policies reflected in the opening balances have been consistently applied in preparing the financial statements for the current period.
- III. Accounting entries for the impact of changes in policies have been appropriately recorded and presented in the financial statements and are in accordance with the applied accounting framework.

5.4. Algerian Auditing Standard 700 (Forming an Opinion and Reporting on Financial Statements)

This standard addresses the following:

- The auditor's commitment to forming an opinion on the financial statements.
- The form and content of the auditor's report when auditing according to Algerian Auditing Standards and having rendered an unmodified opinion. The auditor's objectives include:
 - I. Forming an opinion on the financial statements based on evaluating conclusions drawn from the accumulated persuasive evidence.

- II. Clearly expressing this opinion in a written report describing the basis of that opinion.

6. Algerian Auditing Standards Presentation (Group Three) (Ministry of Finance, Decree No. 23, dated March 15, 2017, including Algerian Auditing Standards (MGT 520, MGT 570, MGT 610, MGT 620), National Council of Accountancy.)

The third set of Algerian Auditing Standards, issued on March 15, 2017, includes Algerian Auditing Standard 520 (Analytical Procedures), Algerian Auditing Standard 570 (Continuity of Operation), Algerian Auditing Standard 610 (Use of Internal Auditors' Work), and Algerian Auditing Standard 620 (Use of Expert's Work by the Auditor).

6.1. Algerian Auditing Standard 520 (Analytical Procedures)

This standard addresses:

- The auditor's use of analytical procedures as a substantive test.
- The mandatory performance of documented analytical procedures during the review of the overall accounts conducted at the end of the audit.
- The auditor must gather sufficient and reliable evidence through the application of substantive analytical procedures.
- The auditor should also conceptualize and perform analytical procedures close to the end of the audit to ensure overall consistency between the knowledge acquired about the entity and the financial statements.

6.2. Algerian Auditing Standard 570 (Continuity of Operation)

This standard addresses the auditor's responsibilities in auditing financial statements related to the management's application of the going concern assumption in preparing the financial statements. The auditor's objectives include:

- I. Collecting sufficient and appropriate evidence related to the appropriateness of the management's application in preparing the financial statements.

- II. Drawing conclusions about the existence of material uncertainty, or lack thereof, related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, based on the persuasive evidence collected.

- III. Updating the auditor on the impact of these conclusions.

6.3. Algerian Auditing Standard 610 (Use of Internal Auditors' Work)

This standard addresses the conditions and opportunities for the external auditor to benefit from the work of internal auditors if, according to the provisions of the standard (MGT 315), it is determined that the internal audit function can be meaningful for its task. This standard does not cover cases where individual members of internal audit provide direct assistance to the external auditor in performing audit procedures. If the entity has an internal audit function, and the external auditor concludes that it can be utilized for audit needs, the objectives are:

- Determine the extent to which the work of internal auditors is used.
- If used, assess the suitability of the internal auditors' work for audit needs.

6.3.1. Algerian Auditing Standard 620 (Use of Expert's Work by the Auditor)

This standard addresses the auditor's duties when seeking the assistance of an expert selected to perform specialized procedures requiring expertise in a field other than accounting and auditing, in addition to the methods for considering the expert's conclusions. The expert appointed by the auditor can be a natural person or an entity with expertise in a field other than accounting or auditing, whose work in this field is used by the auditor to assist in gathering sufficient and appropriate persuasive evidence.

The auditor's objectives are as follows:

- Identify situations where the auditor deems it necessary to engage the appointed expert.
- Determine if the expert's work, once appointed, is suitable for the auditor's needs.

6.4. Financial and Accounting Audit Phase from 2010-2018

This period is characterized by the emergence of Law 10-01, highlighting the following points:

6.4.1 Definition of Law 10-01: Law 10-01, related to the professions of the accounting expert, custodian of accounts, and certified accountant, was issued on June 29, 2010. The law consists of 84 articles. The reasons for the issuance of Law 10-01 are outlined in the official government publication dated July 11, 2010, pages 04-13: - Audit failures in Algeria, i.e., the issuance of erroneous reports by custodians of accounts, the use of unqualified assistants, evident in reports on bankrupt companies and banks. - The emergence of audit risks in Algeria: Custodians of accounts issuing positive reports while financial statements contain material misstatements. - Weaknesses in the national pool of accounting experts, custodians of accounts, and certified accountants in managing professional affairs. - The Ministry of Finance's desire to control the training and accreditation of auditors. - Interference of powers between custodians of accounts and accounting experts. - Issuance of Law 07-11 related to the accounting and financial system. - Reform of public economic institutions and the growth of small and medium-sized enterprises.

6.4.2. Mission of the Custodian of Accounts under Law 10-01

The provisions of Law 10-01 regarding statutory audit are specified in 12 defined articles, as follows:

- Definition of the profession of the Custodian of Accounts (see Articles 2 and 22).
- Establishment of the National Council of Accountancy to oversee the three professions (see Articles 4 and 5).
- Specification of conditions for practicing the profession of statutory auditing (see Article 8).
- Establishment of a specialized institute for training Custodians of Accounts (see Article 8).

- Creation of the National Chamber of Custodians of Accounts to supervise the profession of statutory auditing (see Articles 14 to 17).
- Definition of the tasks of the Custodian of Accounts (see Article 23).
- Specification of the forms of reports and standards issued by the Custodian of Accounts (see Articles 24 and 25).
- Definition of the mechanisms for appointing Custodians of Accounts and their fees (see Articles 26-40).
- Proposal of a model for Custodian of Accounts companies (see Articles 46 to 58).
- Specification of the three responsibilities of the Custodian of Accounts (see Articles 59 to 63 and Articles 71 to 75).
- Identification of situations of conflict of interest and impediments for the Custodian of Accounts (see Articles 64 to 70).
- Specification of the mechanisms for professional internships for Custodians of Accounts (see Articles 77 to 78).

These items can be detailed as follows:

Definition of the Custodian of Accounts

Profession: The Custodian of Accounts profession is defined in Articles 2 and 22 as any natural or legal person who, if meeting the conditions and standards stipulated in this law, practices, for their own account and under their responsibility, the task of certifying the accuracy of the accounts of companies and entities, ensuring their regularity, and conformity with the applicable legislation.

Establishment of the National Council of Accountancy:

The National Council of Accountancy was established to manage the three professions in accordance with Articles 4 and 5 of Law 10-01. Executive Decree No. 11-24, dated January 27, 2011, (Official Gazette, Issue No. 07, dated February 2, 2011, pages 04-07) outlines the composition, organization, and rules of operation of the National Council of Accountancy, consisting of 26 members representing various bodies

for a term of 6 years, with one-third of its members renewed annually. The Council comprises five committees:

- Standardization Committee
- Accreditation Committee
- Training Committee
- Discipline Committee
- Quality Committee

6.4.3. Definition of the Tasks of the Custodian of Accounts: The tasks of the Custodian of Accounts are defined in various laws, including Law 10-01. According to Articles 23 and 24 of Law 10-01, the tasks are as follows (Official Gazette, Issue No. 42, dated July 11, 2010, page 07):

- Attest to the regularity and accuracy of annual accounts, as well as the financial position and assets of companies and entities.
- Examine the accuracy of annual accounts and their conformity to the information provided in the management report presented by managers to shareholders, partners, or shareholders.
- Express an opinion in a special report on the internal control procedures approved by the Board of Directors or the management.
- Evaluate the conditions for concluding agreements between the monitored company and the institutions or bodies to which it belongs, or between the institutions and bodies in which the managers or administrators of the concerned company have direct or indirect interests.
- Inform managers and the general assembly or the qualified control body of any deficiencies that may impede the continued operation of the institution.
- In the case of holding and group companies, the Custodian of Accounts also approves the accuracy and regularity of the consolidated supported accounts and their true image, based on the accounting documents and the report of the

Custodians of Accounts at branches or entities affiliated with the same decision center.

III- Field Study

The field study aims to identify which auditing standards are relied upon by practicing auditors in the profession of external auditing in Algeria. A designed form was used to collect data from the study sample, and the results were analyzed and interpreted by processing the data collected using statistical software.

1. **Study Sample:** After sorting and identifying valid forms from those retrieved by Custodians of Accounts and Algerian accounting experts, it was found that the number of forms that could be relied upon was 92.
2. **Survey Structure:** The questionnaire included 17 statements divided into two main sections:
 - **First Section:** This section comprised 05 statements aimed at gathering personal data and information about the sample individuals.
 - **Second Section:** This section was divided into three main axes:
 - **First Axis:** It included 05 statements aimed at determining whether working with professional performance standards is sufficient to achieve the quality of external auditing.
 - **Second Axis:** This section includes 04 statements with the aim of determining whether working with Algerian auditing standards advances the profession of accounting auditing and achieves auditing quality.
 - **Third Axis:** This final section comprises 03 statements aimed at understanding whether the external auditor operates according to professional performance standards while also adhering to the application of Algerian auditing standards.

3. Questionnaire Processing: The responses from the sample individuals are processed and analyzed using the SPSS program. The statistical methods employed in analyzing the outputs of this questionnaire are as follows: frequencies and percentages, means and standard deviations, Cronbach's alpha coefficient for testing the reliability and validity of the questionnaire, and Pearson correlation coefficient.

To determine the level of agreement related to the statements and axes of the study, the Likert pentagon scale is utilized, as illustrated in Table (01). The minimum and maximum limits for the categories are calculated by dividing the range (5-1=4) by the number of categories (5), resulting in the actual length for each agreement domain being equal to 0.8.

Table 01: Likert Five-Point Scale for Answer Identification

Response	Coding	Range
Strongly agree	5	4.2-5
Agree	4	3.4-4.2
Neutral	3	2.6-3.4
Disagree	2	1.8-2.6
Strongly disagree	1	1-1.8

Source: prepared by researchers

4. Demographic Characteristics: Demographic characteristics of the study participants were addressed, including gender, age, job level, educational level, and years of experience. Refer to Table 02.

- **Gender:** Data from Table 02 indicates that males dominate the sample with a percentage of 89.1% and a frequency of 82, while females constitute 10.9% with a frequency of 10. This confirms that the profession of external auditing is predominantly male, which can be explained by the nature of the external auditor's tasks, such as traveling to audited institutions, favoring male professionals who are more inclined to engage in a profession involving mobility. On the other hand, the female side tends to be attracted to stable office-based professions, explaining the lower percentage for females.
- **Age:** The highest percentage is 44.6% with a frequency of 41 for individuals aged over 50, followed by the age group of 41 to 50 with a percentage of 38.0 and a frequency of 35. The age group of 36 to 40 represents 17.4%

with a frequency of 16. This age distribution among the sample can be explained by the preference for individuals with long professional careers in external auditing and higher education levels.

- **Educational Level:** The majority of the sample holds a bachelor's degree, accounting for 56.5% with a frequency of 52. Those with postgraduate studies constitute 15.2% with a frequency of 14, and the category "other" represents 28.3% with a frequency of 26. The variation in percentages is attributed to the educational background and the required academic qualifications for practicing external auditing at the national level.
- **Job Level:** The majority of the sample consists of accountants at 93.5% with a frequency of 86, while the remaining 6.5% with a frequency of 6 are accounting experts. This can be explained by the high number of registered professionals as accountants at the national level compared to those registered as accounting experts. Additionally,

passing the qualification competition for accounting experts is challenging, and there are fewer positions available for them.

- **Years of Experience:** The highest percentage is 38.06% with a frequency of 35, representing individuals with over 20 years of experience. The third category (15-20 years) follows with a percentage of

35.9 and a frequency of 33, then the second category (10 to 15 years) with a percentage of 19.6 and a frequency of 18. The first category (5 to 10 years) is at 6.5% with a frequency of 6. This distribution emphasizes professionals with long careers and extensive experience to provide more confidence and credibility to the study's responses.

Table 02: Demographic Characteristics of the Sample

Characteristic	Frequency	Percentage
Gender		
Male	82	89.10%
Female	10	10.90%
Age (years)		
36-40	16	17.40%
41-50	35	38.00%
>50	41	44.60%
Education		
Bachelor's	52	56.50%
Graduate Studies	14	15.20%
Other	26	28.30%
Professional Level		
Certified Public Accountant	86	93.50%
Accounting Expert	6	6.50%
Years of Experience		
5-Oct	6	6.50%
Oct-15	18	19.60%
15-20	33	35.90%
>20	35	38.00%

Source: Compiled by the researchers based on the results of SPSS.

5. Questionnaire Validity and Reliability: To ensure the reliability and accuracy of the research results, it was essential to verify the quality of the questionnaire by assessing its

validity and reliability. Questionnaire reliability refers to obtaining the same results if it were redistributed more than once under the same conditions, while questionnaire

validity aims to determine the consistency of each statement with its corresponding axis. To verify the questionnaire's validity, the Cronbach's alpha coefficient was used, and Pearson correlation coefficients were calculated. After exporting the responses to the SPSS program, the Cronbach's alpha coefficient was computed, and the results are presented in Tables 03 and 04.

From Table 03, it is evident that the Cronbach's alpha coefficient for the entire questionnaire is 0.711, which is considered a good value. Additionally, the Cronbach's alpha coefficient for the three axes ranged from 0.711 to 0.891, generally indicating good values. This confirms that the questionnaire exhibits good reliability.

Table 03: Reliability Coefficients for the Axes and the Entire Questionnaire

Factor	Number of Items	Factor Loading
First Factor	5	0.88
Second Factor	4	0.802
Third Factor	3	0.718
Total	12	0.711

Source: Prepared by the researchers based on the results from SPSS.

As for Table 05, it indicates a strong correlation among the three dimensions of the questionnaire, with correlation coefficients ranging from 0.748 to 0.935. These values fall within a range greater than 0.70, indicating a very strong and positive correlation. This suggests consistency among the three dimensions and the overall scale, serving as evidence of the tool's validity. Refer to Table 05.

Pearson correlation coefficients for the three dimensions

First	Second	Third
1	0.671	0.321
0.671	1	0.67
0.321	0.67	1

Prepared by the researchers based on the results from SPSS.

arithmetic mean of 4.46, which belongs to the "Strongly Agree" category according to the Likert pentagon scale.

Professional performance standards help in obtaining strong evidence and arguments to support and establish the opinion, as indicated by the arithmetic mean of 4.21, which indicates a high level of agreement according to the Likert pentagon scale.

Professional performance standards provide protection for the external auditor in case of not detecting criminal acts, with an average of 3.80, belonging to the "Agree" category.

Professional performance standards ensure the independence of accountants, as indicated by the arithmetic mean of 3.92, which reflects the degree of agreement.

With a more flexible legislative environment, the flexibility of professional performance standards can

6. Analysis of Axis Results:

- Analysis of the First Axis Results:

Based on the results expressed in Table (06) related to the responses of the first axis, it is observed that: The organization of the external audit process's path and methodology from the beginning of the task until the end of the tenure is done through professional performance standards. This is evident from the

be improved, as the arithmetic mean for this statement is 3.92, indicating agreement.

Considering the arithmetic mean for the entire axis, it was 4.06, belonging to the positive agreement category according to the Likert pentagon scale. The standard deviation for the entire axis was 0.268, a low value indicating homogeneity and a lack of response dispersion.

During the analysis of the results of the first axis, it was concluded that all sample individuals tend to positively agree with the first hypothesis, which states that working with professional performance standards is sufficient to achieve and develop the quality of accounting auditing.

Table 06: Study Sample Responses Regarding the First Axis

Item N	Statement	Mean	Standard Deviation	Overall Agreement
1	The professional performance standards regulate the path and methodology of the external audit process from the beginning of the engagement to the end of the mandate.	4.46	0.582	Strongly Agree
2	Professional performance standards help to obtain strong evidence and clues to support and substantiate the opinion.	4.21	0.525	Strongly Agree
3	Professional performance standards provide protection for the external auditor in the event of non-detection of fraudulent activities.	3.8	0.539	Agree
4	Professional performance standards ensure the independence of the auditor.	3.92	0.267	Agree
5	With a more flexible legislative environment, the flexibility of professional performance standards can be improved.	3.92	0.267	Agree
Statistical Indicators for the First Axis as a Whole		4.06	0.286	Agree

Source: Prepared by the researchers based on the results from SPSS.

- Analysis of the Results of the Second Axis:

Analyzing the results of Table (07), it is inferred that the standard deviation value for the axis as a whole is 0.442, which is a low value indicating a lack of response dispersion. Given that the Algerian auditing standards are not fully met, as they do not prescribe a comprehensive approach to the audit process from start to finish, this is reflected in the average of 4.37, indicating strong agreement. The non-adherence to Algerian auditing standards may be due to not considering their relative importance, as indicated by the average value reflecting agreement, which is 3.87.

The attempt to adopt Algerian auditing standards failed to achieve the intended goal due to the current legislative environment, as the average value reached 3.29, belonging to the neutral category according to the Likert scale.

Considering the overall average for the axis, which is 3.86, indicating agreement according to the Likert scale, and taking into account individuals' tendencies towards the statements of this axis, and considering the strong agreement on the first statement, it is concluded that the majority of the sample agrees with the hypothesis that Algerian auditing standards are sufficient to achieve external audit quality but do not provide a



complete methodology for the auditing process due to their incompleteness.

The table number (07): Sample study responses on the second axis.

	Statement	Standard		Direction
		Mean	Deviation	
01	Due to the fact that the Algerian auditing standards do not fully meet, they do not define the comprehensive method for the auditing process from beginning to end.	4.37	0.606	Strongly agree
02	Not working with the Algerian auditing standards may be due to the fact that the priority of their relative importance is not taken into account.	3.87	0.339	Agree
03	Compliance with local auditing standards in Algeria can be considered as a criterion for differentiating between auditing firms.	3.91	0.283	Agree
04	The attempt to adopt the Algerian auditing standards failed to achieve its desired goal due to the current legislative environment.	3.29	0.908	Neutral
05	Statistical indicators for the second axis as a whole	3.86	0.442	Agree

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Source: Prepared by the researchers based on the results of SPSS

Analysis of the Third Axis Results:

Upon examining the results of the third axis presented in Table (08), it is noticed that the standard deviation for the third axis as a whole reached 0.718, which is a weak value indicating the homogeneity of the responses.

By observing the arithmetic mean of the axis as a whole, it is inferred that the value of 3.74 indicates the degree of agreement with the statement.

Regarding the first statement: "The external auditor continues to work according to professional performance standards and commits to applying Algerian auditing standards." The arithmetic mean for this statement reached 2.95, indicating a neutral degree.

As for the second statement: "The responsibility of the external auditor is limited to complying with professional performance standards during the performance of his work." Its specific arithmetic mean reached a value of 4.35, strongly leaning towards agreement.

The last statement: "Due to the incomplete Algerian auditing standards, the external auditor is not reliant on them." Its average score reached a value of 3.93, indicating agreement. Upon reviewing the sample individuals' inclination towards the third axis statements, it is noted that Algerian auditing standards are not adopted in the professional methodology of Algerian auditors; instead, they still rely on professional performance standards.

Table 8: Statistical Indicators for Axis 3

	Statement	Standard		Direction
		Mean	Deviation	
01	Due to the fact that the Algerian auditing standards do not fully meet, they do not define the comprehensive method for the auditing process from beginning to end.	2.95	0.976	Neutral
02	Not working with the Algerian auditing standards may be due to the fact that the priority of their relative importance is not taken into account.	4.35	0.582	Strongly agree



03	Compliance with local auditing standards in Algeria can be considered as a criterion for differentiating between auditing firms.	3.93	0.248	Agree
04	Statistical indicators for the third axis as a whole	3.74	0.718	Agree

Source: Prepared by the researchers based on the results of SPSS

IV- Conclusion

The study indicates that auditors in Algeria still rely on professional duties issued in 1994, as determined by the Minister of Economy. There are several reasons for not adhering to the application of Algerian auditing standards until now. Among these reasons is the incomplete issuance of standards and their inflexibility to align with current legislation, leading to a lack of precise guidelines for their implementation. Additionally, this may result in a lack of sufficient incentives to encourage auditors to comply with these standards. It has been emphasized that Algerian auditing standards are merely adopted in decisions and not applied or endorsed in the professional field. Therefore, there is a need for the entities responsible for these standards to work on completing them and establishing mechanisms and regulations to ensure their application and compliance.

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