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# Audit Quality and Several of Its Determinants

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## ABSTRACT

*The objective of this article is to identify the relationship between the quality of services provided by the financial auditors and its determinants, among which the initial and continuing training of auditors occupies an important place as long as their authorization depends on achieving an adequate level of education and professional training. It has been taken into account the fact that the purpose of public interest entities has become global, and the ethical and professional challenges to which auditors are exposed are becoming more and more difficult to manage.*

*To this end, it has set out from the initial and continuous education and training requirements recommended by the International Education Standards Board and there have been corroborated the obtained information with the results of other studies addressing the current challenges faced by the financial auditors (more and more regulations, changes in the financial and non-financial reporting, technology development and increase of business complexity), while trying to answer the question regarding the effect of these challenges on the audit quality. The analysis was a qualitative one that pursued the researchers' concerns about the audit quality in order to identify the best ways to improve it.*

*The article has a direct practical use both for the financial auditor organizations and the statutory audit oversight authorities to guide the continuing professional training, as well as for the financial auditors and audit firms which can better manage their work in order to increase the quality of the services they offer.*

**Keywords:** audit quality, education, professional development, the International Education Standards

**JEL Classification:** M42, M49

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## Introduction

The quality of the services provided by the financial auditors has become a growing issue over the last few years, especially due to the financial scandals, where the role of auditors has sometimes been direct (see the Enron case). The effect of the audit quality on the client firm is mainly due to the credibility of the audited financial statements if the stakeholders consider the audit to be at an appropriate quality level.

In the last decades, the role of financial auditors has become more complex, the regulation of the professional activity increasingly difficult to perform, yet more and more necessary, education, initial and continuing training in the field of financial auditing have diversified, and the quality of the financial auditors' work has been getting harder to appreciate despite the increasingly clear rules governing the quality control and supervision in the field of the assurance services.

As a result of the continuous concerns for the quality of services provided by the financial auditors, in 2016 the International Accounting Standards Board revised the International Education Standard 8 - *IES 8 - Professional Competence for Engagement Partners Responsible for Audits of Financial Statements*. Also, as a result of the quality concerns in the field of the financial audit, there has been developed at European level the Common Content project, which aims to "bring professional qualifications closer together" (CCP, 2018).

In the context of continuous concern for the quality of services provided by the financial auditors, we consider that an analysis of the main studies of recent years on the determinants that significantly influence the quality of the financial auditors' engagements is relevant. Thus, our findings allow at least two observations to be made: (1) the multitude of determinants influencing the audit quality always complicate the analysis in the sense that an overall analysis of these determinants is not possible; (2) the results are sometimes contradictory, also due to the effects of the determinants which are hard to detect. However, the purpose of our research was to identify as many determinants of audit quality as possible so

that to be possible to find punctual and realistic solutions to improve it.

## Education and professional training in financial audit

The series of scandals around the year 2000 brought into question the issue of audit quality as all the reforms in the audit field had as their start-up point the need to increase confidence in the financial market. This can also be done through a quality audit with multiple determinants, including factors controllable by auditors, but also others totally independent of them. In the first category undoubtedly enter the auditors' initial and continuing education and professional training.

It has always been considered that there is a direct link between a quality audit and the level of general and specific education of the auditor. Thus, the International Accounting Education Standards Board (IAESB) was set up as a regulatory body serving the public interest by issuing regulations in the field of the professional accounting education. They describe the technical competence, professional competence, values, ethical aspects and attitudes required in this field. In addition, the Public Interest Oversight Board (PIOB) (IAESB, 2018) was created to ensure transparency in the process of developing these regulations.

The International Education Standards (IESs) issued by the IAESB start from the definition of the entry requirements to professional accounting education programs (IES 1), then they describe the technical competence (IES 2), the professional skills (IES 3), the professional values, ethics, and attitudes (IES 4) and respectively, the practical experience (IES 5) required to be acquired within an initial professional development program. IES 6 sets out the manners of assessing professional competence, and IES 7 presents the content of the continuing professional development. IES 8 has a specific addressability in that it deals with issues related to the professional competence for engagement partners responsible for audits of financial statements (see Table no.1) (IAESB, 2017).

**Table no. 1. The Guiding Principles Defined by the International Education Standards for the Professional Accountants and Professional Aspirants**

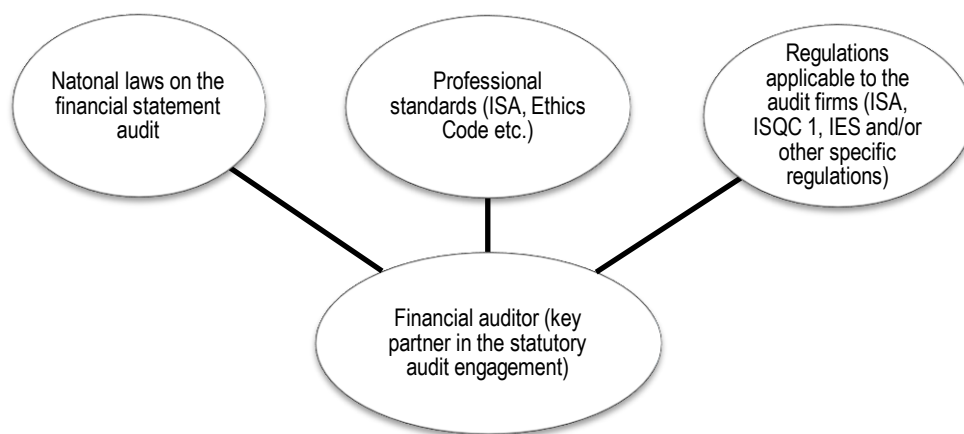
The International Education Standard	The Guiding Principles
<b>IES 1 – Entry Requirements to Professional Accounting Education Programs</b>	<ol style="list-style-type: none"> <li>Prescription of certain principles to be used when there are set up and communicated the educational requirements for the access to a professional accounting education program;</li> <li>Assuring a reasonable chance to graduate such a program;</li> <li>Appropriate requirements for access;</li> <li>Different forms of the enrolling requirements.</li> </ol>
<b>IES 2 – Initial Professional Development – Technical Competence</b>	<ol style="list-style-type: none"> <li>Definition of the areas of competence and learning outcomes relevant to these areas;</li> <li>Description of the professional competence required to the aspirants in the accounting profession at the end of the initial professional development program (IPD).</li> </ol>
<b>IES 3 – Initial Professional Development – Professional Skills</b>	<ol style="list-style-type: none"> <li>Definition of the learning outcomes at the end of the IPD program, for the professional (intellectual, interpersonal and communication, personal and organizational) skills required to those people aspiring to the accounting profession.</li> </ol>
<b>IES 4 – Initial Professional Development – Professional Values, Ethics and Attitudes</b>	<ol style="list-style-type: none"> <li>Definition of the learning outcomes at the end of the IPD program, for the professional values, ethics and attitudes required to those people aspiring to the accounting profession.</li> </ol>
<b>IES 5 – Initial Professional Development – Practical Experience</b>	<ol style="list-style-type: none"> <li>Definition of the expertise that people aspiring to the accounting profession should have acquired at the end of the IPD program.</li> <li>The required expertise may also concern: <ul style="list-style-type: none"> <li>- the role of statutory auditor;</li> <li>- other forms of specialization;</li> <li>- regulated activities.</li> </ul> </li> <li>Expertise is part of lifelong learning and should be maintained and developed through continuing professional development programs (CPDs).</li> </ol>
<b>IES 6 – Initial Professional Development – Assessment of Professional Competence</b>	<ol style="list-style-type: none"> <li>It recommends the requirements for the professional competence assessment that people aspiring to the accounting profession need to demonstrate at the end of the IPD program.</li> <li>Evaluation must be characterized by trust, validity, equity, transparency and sufficiency.</li> </ol>
<b>IES 7 – Continuing Professional Development</b>	<ol style="list-style-type: none"> <li>It recommends the CPD requirements for the professional accountants to develop and maintain the professional competence required to provide high quality services to clients, employers and other stakeholders and thereby, to ensure high public trust in the accounting profession.</li> <li>It recommends to the professional organizations: <ul style="list-style-type: none"> <li>- to promote among the professional accountants the idea of lifelong learning;</li> <li>- to enable the access of professional accountants to the opportunities and resources of the CPD program;</li> <li>- to adopt the prescribed requirements for the development and implementation of the assessment, monitoring and compliance procedures to help the professional accountants develop and maintain the necessary professional competence to protect the public interest.</li> </ul> </li> </ol>
<b>IES 8 – Professional Competence for Engagement Partners Responsible for Audits of Financial Statements</b>	<ol style="list-style-type: none"> <li>It recommends the level of professional competence that the professional accountants need to develop and maintain when they act as the engagement partner responsible for audits of financial statements.</li> <li>The IES 8 requirements should be applied taking into account the Statement of Membership Obligations (SMO) 1 – Quality Assurance, International Standard on Auditing (ISA) 220 – Quality Control for an Audit of Financial Statements and the International Standard on Quality Control (ISQC) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements</li> </ol>

Source: Own processing, 2018, after IAESB (2017), *Handbook of International Education Pronouncements*, pp. 25 – 111

We note that the first six standards refer to the acquirement of professional competence through the IPD program, while the next standards particularly aim to develop and maintain it through the CPD program. The last standard - IES 8 - exclusively addresses the engagement partner's competence in the audits of financial statements, which means that the auditor's high level of professional training is presumed, but it must be

maintained and developed. If we take into account the financial auditor not just as an engagement partner, we notice that there are several categories of constraints upon the financial auditor, all imposed by the legal or professional regulations. Thus, **Figure no. 1** allows the understanding of the auditor's relationship with the parties involved in the regulatory process of its field of activity.

*Figure no. 1. Regulatory constraints applicable to the financial auditor*



Source: Own processing, 2018

Therefore, the relationships between the financial auditors or audit firms are numerous and they require compliance with many rules imposed by the regulations issued by various authorities and bodies. These concern not only the contractual relationships with the clients, but also the relationships with the regulators and/or oversight authorities, as well as with the professional organizations. All these rules, established by the legal regulations and professional standards, aim to ensure a high quality level of the financial auditors' engagements. Therefore, we can say that the first conditions for a quality audit are the acquirement, maintenance and development of the professional competence, as well as the compliance with the legislation and professional regulations applicable to the financial auditors. Thus, there can be explained the differences in respect of the audit quality in different jurisdictions, taking into account the manner of acquiring the regulations recommended

by the international bodies (IFAC – International Federation of Accountants), as well as the rigor in terms of compliance with the regulations, given that this is also dependent on cultural considerations.

## What does quality mean in audit?

DeAngelo (1981) defined the quality of audit services as the dual probability of the auditor's discovery of significant misstatements and their reporting. Thus, there were identified as the primary factors of audit quality: the auditor's capacity to identify misstatements, the used procedures, and the size of the samples, all of which depending significantly on the auditor's competence and endowment with the appropriate technologies.

In the 1980s, there could be seen at international level the concern of the professional organizations to

ensure quality in auditing through regulations and to develop methods to verify the manner in which the audit firms are aware about and ensure quality. In recent years, but especially after the big financial scandals (where the role of the auditors has not always been neutral), there is an increasing concern for studying the factors which influence audit quality, perhaps as a consequence of the social utility of audit.

Audit quality is not ensured only by regulations, but there are also a lot of factors which can influence the manner in which audit is performed by the auditors from different firms and even from the same firm. Also, audit quality is difficult and costly to evaluate both by the professional organizations and the beneficiaries of the audit. We take into account that auditors or audit firms may offer different services to their clients in terms of quality, but also that an auditor or an audit firm can offer different quality services from one period to another to the same clients.

The audit quality has been judged over time both from the institutional point of view, respectively, the verification by professional organizations or oversight authorities of the financial auditors' work in terms of the manner they comply with the applicable legal and professional regulations and from other stakeholders' point of view, the criteria being usually different. If in terms of quality assessment at the professional level there is also the possibility of applying corrective or sanctioning measures whose application is verifiable, in the case of quality assessment by other stakeholders (investors, competitors, partners), there is only the option of adjusting the auditors or audit firms' behaviour to potential reactions of current and potential clients.

Appropriate professional judgments are also considered as essential elements in assessing the quality of an audit engagement. Wedemeyer (2010) estimates that auditors use the professional reasoning to make decisions about:

- assessing the risks of material misstatement of financial statements, including the potential effects of fraud, bias and business risk;

- identifying, performing and evaluating the audit procedures in response to the assessed risks;
- assessing the audit evidence in order to specify their quality and adequacy to determine the need for additional evidence;
- formation of an opinion on the financial statements and making the decision whether or not to express an opinion.

Moreover, sometimes it is also discussed what the reduction of the audit quality means or, more specific, what behaviour involves the diminution of the audit quality (Coram et al., 2008).

Although we have not identified many studies to indicate the existence of any direct relationship between the sanctions applied to financial auditors or audit firms and the audit market reaction to them, there are articles which show the effect of sanctioning the financial auditors upon their relationship with the prospective clients (Davis and Simon, 1992), in the sense of the client pressure on auditors to lower the required audit fees.

## Research method

The research method was a qualitative one, aiming at reviewing the most relevant research on audit quality, respectively those studies that had the effect of determining the audit quality. In this respect we conducted a descriptive-explanatory study of several articles considered relevant to the intended purpose. Thus, we selected the studies from the Clarivate Analytics (Web of Science Core Collection) database, for the period 1975 - present, using as the search criterion the phrase "audit quality" for the "Articles" category, the publication language "English" of the following five categories Web of Science: Business Finance, Management, Economics, Business, Social Sciences Interdisciplinary and Ethics. Out of the total of 43 resulted articles, there were included within the analysis only the ones with the title "audit quality", resulting in a total of 16 articles, available in full format in the "Open Access" system, as it can be seen from **Table no. 2**.



**Table no. 2. Studies on audit quality**

Authors	Year	Article	Journal	Research method
Khasharmeh, H., and Desoky, A.M.	2018	Does the provision of non-audit services affect auditor independence and audit quality? Evidence from Bahrain	Asian Academy of Management Journal of Accounting and Finance	Questionnaire
Abid, A., Shaique, M., and Haq, M.A.	2018	Do Big Four Auditors Always Provide Higher Audit Quality? Evidence from Pakistan	International Journal of Financial Studies	Descriptive statistics and regression
Febrianto, R., Dini, F., Audina, D., Yuskar, Y., and Juita, V.	2017	The Influence of Pseudo Auditor Rotation on Audit Quality: New Evidence	Australasian Accounting, Business and Finance Journal	Descriptive statistics and regression
Choi, J.-S., Lim, H.-J., & Mali, D.	2017	Mandatory audit firm rotation and Big4 effect on audit quality: Evidence from South Korea	Asian Academy of Management Journal of Accounting and Finance	Descriptive statistics and multivariate analysis
Broberg, P., Tagesson, T., Argento, D., Gyllengahrn, N., Martensson, O.	2017	Explaining the influence of time budget pressure on audit quality in Sweden	Journal of Management and Governance	Questionnaire, descriptive statistics and regression
Lobo, G.J., Paugam, L., Casta, J.F.	2017	The Effect of Joint Auditor Pair Composition on Audit Quality: Evidence from Impairment Tests	Contemporary Accounting Research	Descriptive statistics and regression
Yan, H., Xie, S.	2016	How does auditors' work stress affect audit quality? Empirical evidence from the Chinese stock market	China Journal of Accounting Research	Descriptive statistics and regression
Brown, V.L., Gissel, J.L., Neely, D.G.	2016	Audit quality indicators: perceptions of junior-level auditors	Managerial Auditing Journal	Questionnaire
Löhlein, L.	2016	From peer review to PCAOB inspections: regulating for audit quality in the U.S.	Journal of Accounting Literature	Review
De Fuentes, C., Illueca, M., Consuelo Pucheta-Martinez, M.	2015	External investigations and disciplinary sanctions against auditors: the impact on audit quality	Series-Journal of the Spanish Economic Association	Descriptive statistics and regression
Gonzalez-Diaz, B., Garcia-Fernandez, R., Lopez-Diaz, A.	2015	Auditor tenure and audit quality in Spanish state-owned foundations	Spanish Accounting Review	Descriptive statistics and regression
Wang, C., Dou, H.	2015	Does the transformation of accounting firms' organizational form improve audit quality? Evidence from China	China Journal of Accounting Research	Descriptive statistics and regression
Beisland, L., Mersland, R., Strom, R.	2015	Audit Quality and Corporate Governance: Evidence from the Microfinance Industry	International Journal of Auditing	Descriptive statistics and regression
Bills, K.L., and Cunningham, L.M.	2015	How Small Audit Firm Membership in Associations, Networks, and Alliances Can Impact Audit Quality and Audit Fees	Current Issues in Auditing	Descriptive statistics and regression
Bell, T.B., Causholli, M., Knechel, W.R.	2015	Audit Firm Tenure, Non-Audit Services, and Internal Assessments of Audit Quality	Journal of Accounting Research	Descriptive statistics and regression
Francis, J.R., Michas, P.N.	2013	The Contagion Effect of Low-Quality Audits	Accounting Review	Descriptive statistics and regression

Source: Own processing, 2018

As research methods used into the selected articles, there can be mentioned the descriptive statistics and regression, very few studies being of a qualitative type, using as a research method the review (an article) or the questionnaire (two articles).

## A descriptive analysis

From the analysis of the selected articles, it appeared that the determinants of the audit quality are: providing non-audit services to the audit clients (Khasharmeh and Desoky, 2018); the audit firm category, respectively Big 4 or non-Big 4 (Abid et al., 2018); the manner of auditors' rotation and switch to another category of audit firm (Febrianto et al., 2017); the manner of auditors' rotation (voluntary or mandatory), the membership of the audit firm to Big 4 and the auditor tenure (Choi et al., 2017). Other factors were also identified, such as: time to complete the engagement, the auditors' gender, position within the firm and experience, number of

clients, size of the local office and audit firm (Broberg et al., 2017); the category of firms in the case of joint audit (Lobo et al., 2017); the audit team members' response to stress (Yan and Xie, 2016); the level of knowledge of the auditing standards and the degree of auditors' loading (Brown et al., 2016); the quality control of the audit supervision (Löhlein, 2016); the disciplinary sanctions imposed by the professional organizations (De Fuentes et al., 2015); the auditor tenure (Gonzalez-Diaz et al., 2015); the change of the organization form of the audit firm (Wang and Dou, 2015); the client firm's governance (Beisland et al., 2015); the membership in an association of small audit firms (Bills and Cunningham, 2015); the auditor tenure and fees for non-audit services (Bell et al., 2015) and the previous audit failure (Francis and Michas, 2013).

For the selected articles, we presented in **Table no. 3** the results obtained by the researchers who had analyzed the influence of the identified factors on the audit quality.

**Table no. 3. Audit quality determinants**

Authors	Factors	Influence on audit quality
Khasharmeh, H., and Desoky, A.M.	Provision of non-audit services to the audit clients	Audit quality is improved if the auditor renders non-audit services.
Abid, A., Shaique, M., and Haq, M.A.	The audit firm belongs to Big4 or non-Big4	All Big 4 and non-Big 4 auditors will offer the same level of audit quality across different time periods.
Febrianto, R., Dini, F., Audina, D., Yuskar, Y., and Juita, V.	(1) Manner of the auditors' rotation (2) Shift to another category of audit firm	(1) Companies that rotate their auditors mandatorily have higher audit quality than that of companies voluntarily rotating auditors. (2) Switching among bigger accounting firms have the highest audit quality rather than switching between smaller audit firms which have lower audit quality.
Choi, J.-S., Lim, H.-J., & Mali, D.	(1) Manner of the auditors' rotation (2) Membership of the audit firm to Big4 (3) The auditor tenure	(1) Audit quality of the mandatory rotation firm sample is lower compared to firms that voluntarily adopted the rotation rules. (2) Audit quality of Big4 accounting firms is superior to Non-Big4 firms. (3) Longer audit tenure and switches to Big4 audit firms generally have a positive effect upon audit quality.
Broberg, P., Tagesson, T., Argento, D., Gyllengahrn, N., Martensson, O.	(1) Time to complete the engagement (2) Auditors' gender, position within the firm and experience, number of clients, size of the local office and audit firm	(1) Time budget pressure lowers the quality of audits performed by Swedish auditors, but it is not the only explanation. (2) Audit quality is also related to other factors such as gender, position, experience, number of clients, local office size and audit firm.
Lobo, G.J., Paugam, L., Casta, J.F.	Business category in the case of joint audit	(1) Using two Big 4 auditors (in joint audit) may not necessarily result in the highest audit quality. (2) Audit quality is better for the Big 4–non-Big 4 auditor pair than the Big 4–Big 4 auditor pair.

Authors	Factors	Influence on audit quality
Yan, H., Xie, S.	The audit team members' response to stress	In general, there is no pervasive deterioration in audit quality resulting from auditors' work stress that is under control. There is a significant negative association between work stress and audit quality in the initial audits of new clients after setting apart different stages of audit tenure, due to the lack of comprehensive understanding of client and industry information.
Brown, V.L., Gissel, J.L., Neely, D.G.	(1) Level of knowledge of the international audit standards (2) Number of work tasks (3) Degree of auditors' load (4) Degree of involvement of audit firms in other activities	(1) Lack of knowledge in the ISAs could impede audit quality for the participants' future audits. (2) Multi-tasking in general has been found to be associated with reduced audit quality. (3) Overworked auditors are at a higher risk of job burnout which can lead to poor audit performance. (4) Some audit firms' activities may be hindering the production of high-quality audits.
Löhlein, L.	Quality control of the audit oversight authority	The initial introduction of external quality controls through peer reviews enhanced the quality of services provided by audit firms. PCAOB (Public Company Accounting Oversight Board) inspections have a positive effect on audit quality.
De Fuentes, C., Illueca, M., Consuelo Pucheta-Martinez, M.	The disciplinary sanctions applied by the professional organizations	Disciplinary actions imposed by the Institute of Accounting and Auditing from Spain prompt changes in audit quality only when the auditors were penalized with lower sanctions.
Gonzalez-Diaz, B., Garcia-Fernandez, R., Lopez-Diaz, A.	The auditor tenure	Audit quality, measured as the likelihood that an auditor will submit a qualified opinion, increases over the first five years of the relationship and then decreases.
Wang, C., Dou, H.	The change of the organization form of the audit firm	Accounting firm size and listed company ownership not significantly affect the relationship between transformations and audit quality. Accounting firm transformations improve audit quality.
Beisland, L., Mersland, R., Strom, R.	The audit client's governance	For situations in which a significant relationship between audit quality and governance does exist, the sign of this relationship is always positive.
Bills, K.L., and Cunningham, L.M.	Membership in an association of small audit firms	Small audit firm association members provide higher-quality audits and charge higher fees than small audit firms that are not members of an association.
Bell, T.B., Causholli, M., Knechel, W.R.	(1) The auditor tenure (2) The fees for the non-audit services	(1) First-year audits receive lower assessments of audit quality, but quality improves significantly after the first year and it sustained over very long tenure for the listed companies. Long tenure is associated with lower audit quality for the sub-sample of privately-held firms. (2) The total non-audit services fees are positively associated with quality for listed companies and negatively associated with quality for privately-held clients.
Francis, J.R., Michas, P.N.	Audit failure	Certain auditor offices have systematic audit-quality problems and that these problems persist over time. Offices with an audit failure are more likely to have additional (new) audit failures in the subsequent five years, suggesting a longitudinal contagion of audit failures over time.

Source: Own processing based on the reviewed articles, 2018

Although sometimes it may be easy to identify the factors that affect the audit quality, in practice there can be noticed that their influence may be different

depending on the characteristics of the client company, the audit firm, or the behavioural features of those carrying out the audit on behalf of the audit firm.



## Results and discussion

The analysis of the impact of the identified factors on the audit quality made possible to identify certain results, which on the one hand, were predictable, but on the other hand, were apparently contradictory.

Thus, although Khasharmeh and Desoky (2018) and Bell et al. (2015) state that the provision of non-audit services to audit clients is associated with an improvement in the audit quality, in recent years the legislative changes have been made in respect of restricting in different ways or even prohibiting the provision of non-audit services to audit clients (SOX, 2002, EU Regulation No. 537/2014). However, in the case of the study carried out by Bell et al. (2015), the previous finding is valid only for the listed companies, the result being the opposite in the case of non-listed companies. Also, although for a long time it has been considered that Big-N firms offer high quality services than that provided by non-Big-N auditing firms, we find that the results of the analysed studies provide information contradicting this perception to a certain extent. Thus, Abid et al. (2018) come to the conclusion that all auditors, either from Big 4 or not from Big 4, will provide audit services at the same level of quality over different periods of time. Lobo et al. (2017) studied a particular aspect of audit, i.e. the joint audit, and they concluded that the association of two firms from different groups (Big4 and non-Big4) was capable of providing a higher quality audit than that offered by the association of two Big4 firms. The only consistent result with the general perception that Big4 firms provide the highest quality audit services was that obtained by Choi et al. (2017).

Febrianto et al. (2017) and Choi et al. (2017) obtained different results regarding the influence of the causes of the rotation of auditors on the audit quality (done on a voluntary basis or as a requirement imposed by the law). However, they also achieved similar results in terms of the positive influence which the size of the audit firm had on the audit quality.

The positive effect of the audit contract duration on the audit quality was demonstrated by Choi et al. (2017), Gonzalez-Diaz et al. (2015) and Bell et al. (2015), with the observation that in the last case this finding was only valid for the listed companies, in the case of non-listed companies, the result having been opposite. The results obtained by Broberg et al. (2017) are interesting

because there can be observed the negative effect of time pressure on the audit quality, but there are also taken into account the behaviour elements determined by the auditor's gender, training and experience, as well as those of the size of the auditor (number of clients, the size of office and/or audit firm).

A low level of professional knowledge is negatively associated with the level of the audit quality, in the study performed by Brown et al. (2016), the same effect having the multiple tasks assigned to auditors (overloading), and the involvement of audit firms in (too many) other activities.

Löhlein's (2016) research highlighted the positive effect of the inspections carried out by the professional bodies and/or supervisors on the audit quality, and the one carried out by De Fuentes et al. (2015) pointed out such an effect even in the case of the disciplinary measures, but only if the sanctions applied to the auditors were small.

Yan and Xie (2016) found the negative impact of the professional stress on the audit quality, especially in the initial audit engagements. At the same time, they observed that there were perceptions of the professional stress and responses to it which vary from one person to another depending on the individual characteristics of the auditors. Thus, the results of the study suggest that the auditors within the international audit firms and key audit partners respond better to professional stress than the experienced auditors within the field of activity of the client firm. On the other hand, there was no evidence of any relationship between the auditor's gender or age and the auditor's response to stress.

However, it was found that auditors tend to be more sensitive and to react more strongly to state-owned client firms. Beisland et al. (2015) highlighted the positive effect of the client firm's governance mechanism on the audit quality. A research performed by Francis and Michas (2013) highlighted the effect of longitudinal contagion of failures in audit over time.

Therefore, as other authors state defining and evaluating the quality of an audit is sometimes a difficult process (Colbert and Murray, 1999).

## Conclusions

It is believed both among practitioners and at the level of the regulatory bodies that, in order for auditors to

perform a quality audit, it is essential for them to maintain their professional skepticism and to make appropriate professional judgments.

The professional judgment and the factors influencing it have been object of the practitioners and researchers' concerns. For example, Mansouri et al. (2009) believe that the public can rely on the representations of an auditor when the public trusts that the auditor has acted as an impartial judge, who has drawn the conclusions based on objective evidence. This happens because up against the financial reporting, which is influenced by factors such as the accounting standards, the economic factors, responsibilities and professional ethics, the audit also involves a critical professional judgment. In audit, professional judgement refers to the use of audit knowledge and experience, gained through the in-depth study of the accounting and auditing standards and of the ethical code of the profession, in order to make the right decisions.

There are many research analysing how knowledge can affect the professional judgment within audit and how to support auditors in making the best decisions (Mala and Chand, 2015). At the same time, other authors point out that the acquirement of knowledge by auditors is achieved through education, training and experience (Bhattacharjee and Moreno, 2002).

Although there are many quality determinants, it is observed that the effect of their action often depends on the response that auditors can provide in situations where there is a risk of diminishing the quality of audits. In this respect, it is essential to determine how auditors perform their tasks and what kind of education and training could support them in making the best decisions.

In this respect, in order to assess what can be done to ensure a high quality level of the services provided by the financial auditors, we consider to be significant the strategic objectives that the US PCAOB - Public Company Accounting Oversight Board established for the period 2018-2022: (1) improve the audit quality through a combination of prevention, detection, deterrence and remediation of deficiencies; (2) anticipate and respond to the changing environment, including emerging technologies and related risks and opportunities.

Taking into account these concerns and also our own findings, we consider that a first way to improve the audit

quality is to ensure an initial and continuing quality training for the financial auditors by linking the content of the curricula and the professionals' required training courses to the current economic realities. Starting from the finding that the size of the audit firm (membership in Big4) is not always a determinant of the audit quality, it becomes increasingly clear that the individual level of the financial auditors' training is a determinant of quality and that, for this reason, the financial auditors and audit firms should be concerned with the assurance of their own professional development and their employees' development beyond the training requirements imposed by the professional organizations.

We also consider the fact that, at the level of the audit firms, there may be more flexibility in organizing specific training programs for the needs of the employees, taking into account the more accurate knowledge of their needs, as well as the obligations imposed by the International Standard on Quality Control (ISQC) 1 - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements, the International Standard on Auditing (ISA) 220 - Quality Control for an Audit of Financial Statements and the Statement of Membership Obligations) 1 - Quality Assurance.

Therefore, improving the audit quality is not and should not remain just a concern of the oversight authorities and professional organizations, but it must also be a constant concern of the managers from the audit firms which need to emphasize the importance of their training programs of employees for their companies. There can be assumed that a very good professional training will enable the financial auditors to carry out professional quality judgments at all stages of the audit.

On the other hand, we find that many determinants of audit quality are beyond auditors' control. There are rules imposed by legislation on the rotation of auditors and on the provision of non-audit services so that auditors can only respect them regardless of what researchers find out about the effect of these obligations of the auditors on the audit quality. Thus, Gonzalez-Diaz et al. (2015) assumed that a manner to measure the audit quality was the probability that an auditor would issue a qualified opinion, concluding that the probability increased in the first five years of the contract and then decreased. In this context, it can be said that along with the passage of time, the client firm's motivation to change the auditor disappears, because a quality audit,

in this respect, is unflattering to it. Therefore, the introduction of the rules on the auditors' rotation and those to reduce or eliminate the threat of familiarity can be considered a way to ensure the audit quality.

Also, the engagements performed by the financial auditors are subject to the market rigors, so that the decisions of the client firms in terms of the selection of auditors are often influenced by psychological factors (motivation, persuasion, attitudes), whose accurate quantification is not always possible, which often makes impossible to act on them. Similarly, the financial resources available to client firms are an important restriction in selecting an auditor who, even if it provides high quality services, it can also practice high fees, which cannot be paid by some categories of client firms.

In respect of the quality control on the auditors' work and the possible sanctions applied to them, it is obvious that their purpose is actually to identify and sanction the prospect impairments found in the audit performance so that the planning and effective implementation of such controls and the provision of recommendations in terms of their removal are the direct methods for improving the audit quality. This also prevents the longitudinal contagion effect of audit failure.

Regardless of the factors acting on the audit quality, the correct judgement and ethical actions of the auditor are those that can lead to a quality audit. For this, an auditor must have a high level of professional knowledge and competence and must have assimilated the ethical conduct required by the professional and social regulations.

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