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An investigation into the use of Algerian auditing standards by auditors during the auditing process

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Abstract--The purpose of the study is to evaluate the degree to which auditors undertake audits using Algerian standards. The latter was accomplished by creating a comprehensive questionnaire and distributing it to a variety of samples, including accounting specialists, certified accountants, and expert accountant. The auditing method heavily relies on Algerian standards, according to the results collected. In particular, the use of internal auditors' work (NAA610), written statements (NAA 580), and surveys (NAA 530) improve audit quality and accounting job efficiency.


Keywords---account manager, external audit, Algerian audit standard, accounting expert, certified accountant.

1. Introduction

Since they assess and scrutinize businesses' financial records in accordance with particular standards, the external auditor is seen as a crucial partner in the accounting process, helping to guarantee accuracy and compliance. Taking into consideration regional laws and regulations, Algerian auditing standards are founded on global auditing best practices and standards. These standards seek to accomplish a number of goals, including guaranteeing the correctness of financial data, spotting possible hazards, and offering suggestions for enhancing administrative and financial processes. By adhering to these guidelines, confidence in accounting and financial data is increased, which supports the nation's financial and economic sustainability as well as transparency.

Problematic:

Does the external auditor rely on Algerian auditing standards while performing the audit task?

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Hypotheses:

Based on the problematic, we proposed the following hypotheses:

- 1) The external auditor applies NAA 580 statements standards.
- 2) The external auditor applies NAA 610 standard for the use of internal auditor's work.
- 3) The auditor applies the NAA530 sampling standard.

I. Theoretical aspect :**1. definition of external auditing:**

A systematic process aimed at gathering evidence related to elements indicative of economic events, presenting it objectively to verify the extent to which these elements conform to objective standards, and then communicating the results to the concerned parties," is how the American Accounting Association defines external auditing. ». (Ahmed Nour El-Din, 2015, p. 9)

2. Algerian audit standards :

- Resolution No. 002 dated February 4, 2016, including:
 - Algerian audit standard No. 210 : Agreement on Audit Engagement Provisions.
 - Algerian audit standard No. 505 : External Confirmations.
 - Algerian audit standard No. 560 : Subsequent events.
 - Algerian audit standard No. 580 : written statements.
- Resolution No. 150 dated October 11, 2016, including :
 - Algerian audit standard No. 300 : Planning financial statement audits.
 - Algerian audit standard No. 500 : Convincing elements.
 - Algerian audit standard No. 510 : Initial audit tasks (Opening Balances).
 - Algerian standard No. 700 : Establishing the opinion and audit report on financial statements.
- Resolution No. 23 dated march 15, 2017, including :
 - Algerian audit standard No. 520 : Analytical procedures.
 - Algerian audit standard No. 570 : continuity of operations.
 - Algerian audit standard No. 610 : Use of internal auditor's work.
 - Algerian audit standard No. 620 : Use of the work of an expert appointed by the auditor.
- Resolution No. 77 dated September 24, 2018, including:
 - Algerian audit standard No. 230 : Audit documentation.
 - Algerian audit standard No. 501: Convincing elements are special considerations.
 - Algerian audit standard No. 530 : Sampling in auditing.
 - Algerian audit standard No. 540 : Auditing of accounting estimates, including accounting estimates of true value and related information.

II. Field study:

- 1) We employed the analytical approach and the SPSS software for data analysis in order to test the validity of the hypotheses. To get precise data from a sample comprising auditors, qualified accountants, and accounting specialists, a thorough questionnaire has been created. The objective is to ascertain the degree to which these experts base their auditing on Algerian criteria.
- 2) Cronbach's Alpha coefficient test:

Table (1): cronbach's Alpha test and the reliability of the study questionnaire

Number of paragraphs	Cronbach's Alpha test
27 paragraphs	0,94

Source: Prepared by the researcher based on the outputs of SPSS v27

Based on the chart, Cronbach's Alpha value is estimated at 0,94. thus, the questionnaire is characterized by reliability and credibility.

2. Results of the study axes for the natural distribution:

Table (2): Kolmogorov-Smirnov

	Statistics	Ddl	Sig
1st axix	106.	35	200.

Source: Prepared by the researcher based on the outputs of SPSS v27

The first axis follows a normal distribution because the significance level **sig** > **0,200** according to the outputs of the Kolmogorov-Smirnov test. Thus, we reject the null hypothesis that the sample does not follow a normal distribution and accept the alternative hypothesis that the data follows a normal distribution.

Table (3): Kolmogorov-Smirnov

	Statistics	Ddl	Sig
2nd axis	132.	35	.131

Source: Prepared by the researcher based on the outputs of SPSS v27

The second axis follows the normal distribution because the significance level sig > 0.131 according to the outputs of the Kolmogrov-Smirnov test. Therefore, we accept the alternative that says data follow the normal distribution.

Table (4): Kolmogorov-Smirnov

	Statistics	Ddl	Sig
3rd axis	165.	35	0.15

Source: Prepared by the researcher based on the outputs of SPSS v27

The significance level $\text{sig} > 0.015$. We can say that the third axis does not follow the normal distribution according to the outputs of Kolmogorov-Smirnov test.

3. Analysis of demographic results:

Table (5): the distribution of the study sample members according to the gender variable

Gender	Frequency	Percentage
Male	24	69 %
Female	11	31 %
Total	35	100 %

Source: Prepared by the researcher based on the outputs of SPSS v27

considering the frequencies of individuals which total 35, we note that the number of males is 24 representing 69 %. On the other hand, the number of females is estimated at 11 individuals.

Table (6): the distribution of the study sample members according to the age variable

Age	Frequency	Percentage
Under 30 years	20	57 %
40 to 50 years	14	40 %
50 years and older	01	3 %
Total	35	100 %

Source: Prepared by the researcher based on the outputs of SPSS v27

We observe that the highest frequency is 20 individuals, at a rate of 57 % belonging to the age group under 30 years. The group aged 40 to 50 years constitutes 40 %. As for individuals aged 50 years and above, their percentage is estimated at 3 %, representing the lowest value with a frequency of 01.

Table (7): The distribution of the study sample according to the variable of professional experience

Professional experience	Frequency	Percentage
Less than 5 years	18	51 %
5 to 10 years	14	40 %
10 to 15 years	02	06 %
More than 15 years	01	03 %
Total	35	100 %

Source: Prepared by the researcher based on the outputs of SPSS v27

The number of individuals with less than 5 years of professional experience represents the highest percentage at 51 % with a frequency of 18. The number with professional experience ranging from 5 to 10 years represents 40 % with a frequency of 14. As for those with experience from 10 to 15 represent the lowest percentage with a frequency of 2 individuals and a percentage of 6 %. Those of

professional experience from 15 and more were estimated at one individual at a rate of 3 %.

Table (8): Distribution of the study sample according to the variable of academic qualification

Academic qualification	Frequencies	Percentage
BachelorDegree	05	14,3 %
Master Degree (LMD)	19	54,3 %
Master Degree	01	5,7 %
Doctorate	02	25,7 %
Total	35	100 %

Source: Prepared by the researcher based on the outputs of SPSS v27

We note that the number of individuals with a Bachelor's degree was estimated at 05 individuals, representing 14 %. The number of individuals with a Master's degree (LMD) was estimated at 15, representing the highest percentage at a rate of 54 %. The chart shows that the number with a Master degree was 01 individuals, which is the lowest percentage estimated at 5,7 %, while the number with a doctorate degree was 02 representing 25,7 %.

Table (9): Distribution of the study sample according to the variable of current job function

	Frequencies	Percentage
Account manager	15	43%
Certified accountant	16	46%
Accounting Expert	04	11%
Total	35	100%

Source: Prepared by the researcher based on the outputs of SPSS v27

Based on the table, it is clear that the distribution of samples according to current job function shows that the certified accountant position is the most common, representing 46% of the total, with 16 individuals. The accounts manager position follows in second place, accounting for 43% with 15 individuals. Meanwhile, accounting experts represent the smallest percentage, with 4 individuals, reflecting 11%.

4. Results analysis of the questionnaire axes:

Table (10): The arithmetic averages and standard deviations of the questionnaire axes

Question number	Questionnaire statement	Arithmetic average	Standard deviation	Degree
1/	Comprehensive identification of the company to be audited to reveal the status of the	3,75	0,989	Agree

Question number	Questionnaire statement	Arithmetic average	Standard deviation	Degree
	institution			
2/	Examining the strengths and weaknesses of the internal control system	4,51	0,507	Agree
3/	Office members are selected based on academic qualifications and experience	4,31	0,670	Agree
4/	Using statistical methods in the external audit process	3,71	0,987	Agree
5/	No bias is shown towards any party during the auditing process	4,27	0,710	Agree
6/	Ensuring that there are no factors or reasons that may threaten the continuity of the institution's activities	4,23	0,646	Agree
7/	Ensuring that the accounting records are made in accordance with the laws and generally accepted accounting principles	4,70	0,490	Agree
8/	Clarifying the errors and violations present in the financial statements	4,31	0,471	Agree
9/	Writing a report on the potential risks to the institution	3,71	0,667	Agree
10/	Ensuring the implementation of the procedures established in the internal regulations of the institution	4,14	0,620	Agree
The 1st external axis: audit		4,1486	0,6757	Agree
1/	Obtaining written statements from the management or those responsible for governance	4,43	0,558	Agree
2/	Sending a request for external confirmations in case of ambiguity	4,51	0,507	Agree
3/	Request for a written authorization from the administration regarding the preparation of financial statements according to the applicable accounting reference	4,23	0,731	Agree
4/	Obtaining written statements from the administration to support other evidence	3,71	0,987	Agree
5/	Enhancing the persuasive elements related to financial statements or the assurances they contain	4,31	0,471	Agree
6/	Requesting invoices from suppliers	3,71	0,987	Agree

Question number	Questionnaire statement	Arithmetic average	Standard deviation	Degree
	and customers			
7/	Evaluation of administration's integrity regarding the submitted written statements	3,69	0,963	Agree
8/	The auditor's report includes the written statements obtained	3,71	0,987	Agree
The 2nd axis: the extent to which auditors rely on the standard written statements 580		4,0393	0,56293	Agree
1/	Ensuring the independence of the internal auditor	4,31	0,471	Agree
2/	Ensuring the management's response to the internal auditor's recommendations	4,43	0,502	
3/	Reading the internal auditor's reports in order to understand the nature and extent of the audit procedures carried out by the internal auditor and the results obtained	3,71	0,987	Agree
4/	Ensuring the internal auditor's plan and its proper implementation	4,20	0,473	Agree
5/	Random sampling in the survey process	3,71	0,987	Agree
6/	Using probability theory to evaluate outcomes	4,14	0,733	Agree
7/	Determining the type of error that the auditor wants to ensure	4,23	0,426	Agree
8/	Conducting quantitative and qualitative analysis of errors and determining whether they are repetitive	4,23	0,490	Agree
9/	Verifying the calculations and comparing them with the documents	3,71	0,987	Agree
The 3rd axis: the extent to which auditors rely on Algerian auditing standards 530 and 610		4,0762	0,45075	Agree

Source: Prepared by the researcher based on the outputs of SPSS v27

The standard deviations are low and the arithmetic averages are high. The estimated arithmetic average in the first axis was 4.14 with a standard deviation of 0.67, while in the second axis, the estimated arithmetic average was 4.03 with a standard deviation of 0.56. The estimated arithmetic average and standard deviation for the third axis were 4.07 and 0.45, respectively. Given that the internal auditor follows professional performance standards when carrying out the audit task, this suggests that the responses of the sample members are homogeneous. In addition to using the 530, 580, and 610 Algerian auditing standards.

5. Hypothese testing:

Testing the 1st hypothesis:

The 1st hypothesis stated « Auditors apply the auditing standards for written representations 580 ».

Null hypothesis:

Accountants do not apply the auditing standards for written representations 580.

Alternative hypothesis:

Auditors apply the auditing standards for written representations 580.

Table (11): testing the 1st hypothesis

TEST VALUE=3								
WRITTEN STATEMENTS 580	Sample size	Arithmetic average	Standard deviation	Mean difference	T	Df	Sig	Decision
	35	3,71	0,98	0,71	4,28	34	<0.001	0,05

Source: Prepared by the researcher based on the outputs of SPSS v27

We used the statistical significance test (t-test) to confirm the hypothesis' validity. We can see from the chart that the sig value is below the 0.05 significance limit. Consequently, we support the alternative hypothesis, which reads, "Accountants apply the auditing standards for written statements 580," and reject the null hypothesis.

Testing the 2nd hypothesis:

The 2nd hypothesis stated that « Auditors apply auditing standards for the use of internal auditor work 610 ».

Null hypothesis: Auditors do not apply auditing standard for using internal auditor work 610.

Alternative hypothesis: auditors apply auditing standards for using internal auditor work 610.

Table (12): testing the 2nd hypothesis

TEST VALUE=3								
Useof internal auditor's work 610	Sample size	Arithmetic average	Standard deviation	Mean difference	T	Df	Sig	Decision
	35	3,95	0,63	0,95	08,92	34	<0.001	0,05

Source: Prepared by the researcher based on the outputs of SPSS v27

To verify the validity of the hypothesis, we relied on the statistical significance test (t-test). Based on the chart, the value of sig is less than the significance level of 0,05, and therefore we reject the null hypothesis and accept the alternative one stating: « Auditors apply the auditing standards for using internal auditor work 610 ».

Testing the 3rd hypothesis:

The 3rd hypothesis stated that: « Auditors apply the auditing standards for opinion polls 530 ».

Null hypothesis: auditors do not apply the auditing standards for opinion polls 530.

Alternative hypothesis: auditors apply the auditing standards for opinion polls 530.

Table (13): testing the 3rd hypothesis

TEST VALUE=3								
Using opinion polls in auditing 530	Sample size	Arithmetic average	Standard deviation	Mean difference	T	Df	Sig	Decision
	35	4,23	0,49	1,23	14,28	34	<0.001	0,05

Source: Prepared by the researchers based on the outputs of SPSS v27

We observe that the sig value is less than the significance level of 0,05, therefore we reject the null hypothesis and accept the alternative one stating: « auditors apply the auditing standards for opinion polls 530 ».

I. Study results

Adoption of Algerian standards: The findings demonstrated that most participating auditors relied significantly on Algerian standards when performing auditing activities, demonstrating a high degree of awareness of the significance of these standards in improving the caliber of their work.

Written statements (580): the findings indicated that auditors rely on written statements as one of the primary components. The inclusion of these remarks has been shown to strengthen confidence in financial information. As a result, it is regarded as a crucial sign of standard compliance.

Using internal auditors' work (610): the findings showed that increasing audit effectiveness requires cooperation with internal auditors. According to the participants, using the outcomes of internal auditors' work can assist save time and money.

Opinion poll (530): the findings demonstrated that the opinion poll is a useful instrument for learning about possible hazards. Throughout the auditing process, the auditors underlined how crucial this standard is to making wise decisions.

Implementation issues: the survey also revealed that auditors encounter difficulties when putting the standards into practice, such as a lack of resources or management pressure, which may have a detrimental effect on the audit's quality.

III. Conclusion

One of the main pillars supporting the accuracy and transparency of financial reporting in the Algerian accounting industry is the external auditors' reliance on Algerian auditing standards. This is accomplished by following local laws and international standards, and the external auditor helps to provide trustworthy financial reports that increase businesses' legitimacy and foster investor trust. This procedure is essential to establishing economic and financial stability, bolstering the Algerian accounting system, and fostering confidence among market participants.

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