Requirements for improving the external audit quality in Algeria.

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Abstract

Many questions have been raised about the adequacy of the external audit degree, as well as the factors that are contributing to improve its quality, especially after the institutional collapses which touched the major institutions in the world during the past two decades. Hence, the aim of this study is to raise awareness of the importance of the external audit quality in Algeria through pointing out the reality of its quality after the enactment of law no.10.01, as well as the requirements of its development.

The study concluded that the reforms in which the external audit profession witnessed in Algeria have not reached yet the required level, due to the absence of the real activation of the National council of accounting and the other three professional organizations on the ground which affects negatively the external audit quality. Therefore, updating training programs for the Algerian educational systems related to the accounting systems and the audit quality must be pursued, in addition ,activating the accounting organizations and authorities in Algeria and training external auditors while supplying continuous training for them along with providing means to control them, and attempting to develop legislative frameworks and internal laws in the Algerian institutions to ensure the interaction of governance mechanisms in order to improve the external audit quality.

Keywords: auditing quality, Law no.10.1, activating the external audit quality in Algeria.

الملخص:

أثيرت العديد من التساؤلات حول درجة كفاية التدقيق الخارجي وكذا العوامل التي تعمل على التحسين من جودته وهذا بعد الانهيارات المؤسساتية التي مست كبريات المؤسسات في العالم خلال العقدين الماضيين، إذ تهدف هذه الدراسة إلى محاولة التحسيس بأهمية جودة التدقيق الخارجي في الجزائر من خلال الوقوف على واقع جودته بعد صدور قانون 01/10.وكذا متطلبات تطويره.

وخلصت الدراسة إلى أن الإصلاحات التي شهدتها مهنة التدقيق الخارجي في الجزائر لم ترقى بعد للمستوى المطلوب، وهذا نتيجة عدم التفعيل الحقيقي للمجلس الوطني للمحاسبة والمنظمات المهنية الثلاث الأخرى على أرض الواقع بما يخدم جودة التدقيق الخارجي، فلابد من السعي نحو تحديث برامج التكوين للمؤسسات التعليمية الجزائرية وإدخال التطورات المتعلقة بالأنظمة المحاسبية وبجودة التدقيق، بالإضافة إلى تفعيل وتنظيم المنظمات والهيآت المشرفة على المحاسبة والتدقيق في الجزائر والعمل على تكوين المحترفين والممارسين للمهنة والقيام بالتدريب المستمر لهم مع العمل على توفير وسائل الرقابة عليهم، والعمل على تطوير الأطر التشريعية والقوانين الداخلية في المؤسسات الجزائرية بما يضمن تفاعل آليات الحوكمة من أجل تحسين جودة التدقيق الخارجي.

الكلمات المفتاحية: جودة التدقيق الخارجي، قانون 01/10، تفعيل جودة التدقيق الخارجي في الجزائر

Introduction

The external audit profession faced crisis of responsibility , credibility and loss of confidence in recent years as a result of the increasing institutional collapses especially in the United States such as the breakdown of Enron's energy company, which led to the collapse of the largest auditing company in the world (Arthur Andersen' company) due to its involvement in financial Manipulation by Enron's company ,which led the stakeholders lose the confidence of the external audit profession, which has increased the depth of expectations' gap in the auditing environment.

The wide spread of fraud cases and financial corruption led many financial community parties to question about the reason for the damage they had as a result of that. It also raised important questions about the degree of the external audit adequacy, as well as the factors that contribute to the improvement of its quality.

Thus, there has been an increasing attention towards corporate governance and the ways to improve the external audit quality at the international and local level, in an attempt to restore the confidence of financial information and the external auditor's reports, especially in light of the existence of an influential relationship within governance mechanisms (board of directors, senior management, audit committee, internal and external audit) in order to improve the audit quality and reduce the audit expectation's gap.

As far as Algeria is concerned, the profession of the external audit has witnessed many developments. At the accounting level, Algeria adopted an accounting financial system which is derived from the International Accounting Standards (IAS-IFRS), and at the level of the external audit, the enactment of law no. 10-01, which was implemented after twenty years of the adoption of law no.91-08came as a reaction to the developments witnessed by the international business environment and the attempt to reform the accounting and auditing profession which have led us to ask the following problematic:

How is the reality of the external audit quality in Algeria? What ways are used to activate it?

And this problematic is subdivided into the following questions:

1 - What is the quality of the external audit? What are the factors associated with its quality?

2 - What are the most important stages of the external audit development profession in Algeria?

3 - What are the manifestations of the external audit quality in Algeria and the means to improve it?

Research Objectives

While attempting to answer the main question for this study as well as the sub-questions, this study aims to:

- Define the concept of the external audit quality.
- Determine the factors associated with the external audit quality.

- Identify the most important stages of the external audit development in Algeria, and the manifestations of its quality.
- Suggest ways to improve the external audit quality in Algeria.

The importance of research

The external audit is becoming more important, especially after the institutional collapses, which have led to the need to develop the international standards of the external audit to face current environmental business changes, while considering the auditor as an external party which gives the reliability of information that reflects the reality of the financial operations that are made by companies and that allows the stakeholders – mainly the shareholders – to make sure that their rights are respected and their voices are heard with regard to the management of the institution and the insurance of the optimal utilization of its energies and resources .

Hence, this study is an attempt to tackle the requirements of the audit quality in Algeria, and highlight the ways to improve it, mainly by focusing on the following elements:

I- The factors of the external audit quality;
II-The developing stages of the external audit profession in Algeria;
III-The manifestations of the external audit quality in Algeria after the enactment of law no.10.1;
IV- The means to activate the of the external audit quality in Algeria.

I- The factors of the quality of the external audit

Depending on the view and benefit of different groups of the audit quality, one would notice various understandings towards the view of the audit quality, and these views are generally limited to three points of view:

1 - From the point of view of detecting errors and fraud

The definition of (DeAngelo, 1981) for the audit quality is among the most definitions which received general acceptance by many researchers in the field of audit, in which the quality of audit is defined as: "the increasing capacity of the auditor to detect accounting errors and the increasing degree of its independency."

(Davidson & Neu, 1993) defined the audit quality as: "The ability of the auditor to detect errors and irregularities in the income, which is disclosed by the financial statements

2 - From the perspective of the commitment to the professional standards

This proposal has been adopted by many audit organizations such as the International Federation of Accountants Certified (IFAC) and the American Institute of Certified public Accountants (AICPA), to consider to what extent the audit quality is linked to audit standards. It is stated on the International Standard of Audit no220 "Quality control for an audit of financial statements" that The Foundation is committed to (auditing Office) design a system of controlling the quality and keeping it to provide for it reasonable assurance.

3 - From the perspective of the ability to fulfill the needs of financial statements users

(Palmrose, 1988) defined the audit quality as: "the degree of confidence provided by the auditor to users of financial statements." and both of (Sutton and Lampe, 1991) see that there are five main groups interested in the concept of audit quality who are :the senior management who prepare financial statements, the external users, the regulators, the auditors and the accountants, whilst it is found that each party's concept of the audit quality differs from the concept of the other party.

It is concluded that despite the importance given to the audit quality by audit organizations and researchers, it has been found that there is no agreement and consensus on its definition, which included three basic perspectives. From the point of view of detecting errors and fraud, one would observe that it is one of the oldest angle that is related to the concept of audit quality, it is also a response to the expectations of the financial community from the services of the external auditor, but from the point of view of the commitment to professional standards, one can note that professional organizations adopted this approach as a source for those standards, and from the third angle related to the ability to fulfill the needs of financial statements users, it is noticed that it was in line with the modern definition of marketing, so that the audit companies must know the user's needs in order to fulfill their services , and from the mentioned definitions ,one would conclude that "the audit quality does exist once the auditor's performance is effective, efficient and in accordance with the code of ethics , with the disclosure of errors and fraud found, and work to meet the desires and needs of financial statements users."

4 – Factors which control the external audit quality

To study the audit quality and how it is measured one must identify the factors that affect this quality, but it is doubtless that there is a need to study and analyze these elements in order to reach a comprehensive measure by which one would judge the professional performance of the auditors, so that the audit quality is Influenced internally (audit offices, audit groups, auditor's qualifications ...etc) and externally (professional environment, economic , legal , etc. ..), thus one is able to try to cover these factors through dividing it into three sections as followed:

4-1 Factors linked to the external environment of the audit office

The one who gives careful consideration to the historical development of the audit profession, he realizes that the latter was very influenced and surrounded by the external environment, which is mainly represented in the economic and legal environment (inflation, recession and boom, economic crises, tax law and corporate law) and the social and cultural environment.

It is seen through what has already been mentioned that the external audit is considered as a component of the business environment, and it is an open system which affects and is affected by other external elements, and it is not possible to achieve the application of the audit quality, unless the external environment is developed in order to support the audit quality.

4-2– Factors linked to the audit system

One should distinguish between the factors associated with the audit office and the factors associated with the audit team:

4-2 -1- Factors associated with the Audit Office

These factors include the following:

A - The size of the audit office.

B - The reputation of the audit office.

C – The competition among the audit firms.

D - The audit office specialization.

E – The duration in which the audit office spends with the client.

F- The cases that are raised against the audit office.

There is a distinction between a range of factors that have a positive impact on the audit quality such as the reputation of the Audit Office, and other factors with a negative impact like the cases that are raised against the Audit Office.

4-2 –2- Factors associated with the audit team

Through studies and research related to the audit team and its impact on the audit quality, one can highlight the most important factors as followed:

A – The auditor’s commitment to professional ethics.

B - The commitment to audit standards and accounting standards.

C - The auditor’s efficiency: It requires from the auditors to obtain an adequate amount of formal education in accounting and auditing, as well as practical experience with the presence of continuing professional education.

D – The experience of the auditor and his team.

E - The policies and procedures followed by the audit office to control the audit quality.

F - The independence and the objectivity of the external auditor.

It is believed that all these factors have a positive impact on audit quality, in which some of them are linked to professional organizations such as the enactment of audit standards and professional ethics, and some others are linked to the audit office like the auditor experience, and the policies and procedures followed by the audit office.

4-2 –3- Factors related to the audit process

These factors are reflected primarily in the following:

A - The nature of the contact between the auditing team and the client

B – The audit planning and the supervision of team work.

C – Respecting the audit program.

E – The process of accepting and continuing working with the clients.

F – The fees of the audit services.

4-3 –Factors linked to the clients

One of the leading factors affecting the audit quality is related to the customer, which are mentioned as followed:

A - The size of the audit institution and its financial strength.

B - The nature of the internal controlling system.

C - The degree of the complexity of the audit functions.

4-4 –Factors linked to the control on the audit quality

The concept of the audit quality is different from one view to another and cannot be absolutely achieved, so there should be a set of methods and tools that will help to improve the audit quality in order to reach the possible maximum level, as there are a set of approaches and tools that improve audit quality either by using methods of external oversight through the technique of peer examination, or controlling the audit quality by audit organization or by the audit office itself, moreover, the goal of the audit quality's study is not only to measure its level, but in order to maintain it and improve it.

Through the studies and researches related to the audit quality, the researcher would believe that there are many factors which affect the audit quality, and which were arranged in four groups, as they overlap, in which one factor can affect the other factors, and that the nature of the effect of each element vary from one audit environment to another. So in order to improve the audit quality in a particular environment one must take these factors (the four groups) as indicators to measure the type and to what extent the audit quality is influenced by each factor.

II- The evolution of the external audit profession in Algeria

The role of auditing in Algeria was ignored until the end of the eighties due to the state's monopoly of the economic life, as well as giving the Accounting Board a great deal of responsibility in the field of control over economic institutions until the issuance of the law no.88-01 related to the Algerian economic companies, in which the institutions have liberated from the limitations imposed on them and become subject to commercial law thus they are turned to joint-stock companies or a limited responsibility company, and most possibly it is subject to bankruptcy and liquidation, so it is necessary to audit it by external auditors.

The year 1991 marked a turning point in the history of audit in Algeria, in which the law no. 91-08 was issued for regulating the auditing and accounting while they have been assembled in a single independent institution which is (ONECC), and thus it became freelance professions opened to all who are provided with the contained conditions in this law, without reference to the Minister of finance.

The period between 1991 and 2009 also known significant developments, which came in the framework of strengthening the professions, organizing them and expanding the organizations and institutions which are subject to audit.

The government has decided to restructure the organization sector of accounting and auditing, and remove the organization that has been representing the activists in this sector, in an attempt from the Ministry of Finance to recover a lot of authorities which were lost after the issuance of Law no. 91/ 08 , issued in 1991, and upon which Law no. 10-01 was issued in 2010 related to auditing and accounting professions, as well as the executive decrees related to it since this law has come as a result of the Algerian issuance of financial accounting system (SCF), in addition to the problems that were plaguing the profession and the difficulties and obstacles caused by (ONECC) .The key measures that have come out of this law are mentioned as the following:

The separation of the three professions by creating the National Organization for Accountants experts, the National Chamber of accounts Governors, the National Organization for Certified Public Accountants, as well as the National Council of accounting. In addition to the authority of the Minister of Finance who is in charge of these professional institutions through National Council of Accounting and through appointing its representatives of the other three institutions while doing the following:

- Granting the profession’s certification which is under the authority of the Minister of Finance.
- Controlling the audit quality for the Algerian auditors (accountants’ experts and accounts governors).
- Taking into consideration the accountants’ experts and the accounts Governors’ training by a competent education institution under the Ministry of Finance and ensuring the formation of accountants by the institutions related to the Ministry of Vocational Training.

III- The manifestations of the external audit quality in Algeria after the enactment of 10.1

Through the laws related to the profession of external auditing in Algeria (Law no.91 to / 8 10.01, and executive decrees attached to them), and during visiting many of the auditing offices and working in the field of accounting and audit, and from meetings with accounts governors and accounting experts and a visit of the National Council Accounting, have enabled the researcher to devise the most important characteristics of the external audit quality in Algeria as followed:

- Factors linked to the external environment of the external audit profession

The profession of external audit in Algeria is practiced by the accounts Governor and the accountants expert as mandatory for capital companies when conditions are provided, and as optional on individual companies after the approval of the General Assembly, so according to Article 66 of Law no. 10/13 containing the Finance Act of the year 2011, which states that the external audit is not mandatory for SARL and EURL companies with a capital of less than 10 million dinars per year, due to the lack of dispersion in the ownership of Algerian companies, the non- existence of an efficient stock market and taking into account the social and cultural environment of Algerian society. The profession of the external audit is still seen as a profession which various companies request its services in order to fulfill the legal obligations, and work to improve the financial accounting practices for companies with an audit practice through the observations given in the report of Governor of the accounts , and is performed in order to achieve the interests of some parties (the government, the taxes department, banks, etc. ..).

- The size of audit offices

It can be seen that the majority of audit offices in Algeria are small compared with the international division of audit firms in which they generally include the office manager and a group of auditors who are mostly experienced accountants, as well as trainers in the field of audit. In addition to having some of the external audit offices in a form of companies including partners certified (accountants expert, governor of accounts).

- The reputation of audit offices

How customers are accepted is considered as a basic element that companies take into account when searching for the Office of Audit and which is related to the reputation of Audit Office, according to Article 26 of Law no.01.10 and the Executive Decree no. 11/32 on the appointment of Governors accounts ,and accountants expert opinions, in which the appointment of the governor of the accounts will be through conditions made by the company that will be audited which includes aspects related to the reputation of the audit Office centered mainly in the number of members of the audit Office, their qualifications, their experiences in addition to the type and number of companies audited by the office in the past.

- Competition among audit offices

Through the factors associated with the external environment for the external audit profession in Algeria one can note that the fees of the external auditor are the basis of competition among audit offices.

- The relation's duration with the client

It is defined by Article 27 of Law no.01.10 that the mandate of the Governor of the accounts is three years, and it is renewable only for once.

- Ethics

The issuance of the Law of ethics of the three professions in Algeria (Accountants Experts, governor of accounts and accountants certified) in 1996 determines the elements of professional ethics which must be respected by professions as objectivity, independency and professional secrecy. In addition to the issuance of the Executive Decree no. 13/10, which determines the degree of errors committed by the three mentioned professions, as well as the penalties, which have been divided from the first class to the fourth degree. But when examining the content of the previous law and Executive Order and through dealing with the external auditors, one can clearly see the absence of a strict application of the laws governing the professional ethics, for instance, the widespread of accounting offices without providing legal certification.

- The external audit standards

The standardization of accounting practices committee emanating from the National Council for Accounting has not issued the standards for external audit in Algeria or the adoption of international audit standards, but there are only a reference in the law no. 91/ 08 and 10.1 to the commitment of the external auditor to GAAS (generally accepted auditing standards).

- Financial Accounting Standards

The external auditor in Algeria ought to perform his work in accordance with the Algerian Financial Accounting derived from the international accounting standards issued in 2004.

- Formal education in accounting and auditing

Until now there has been no law of audit profession conditions for a candidate who needs to practice the audit profession.

- Experience

Article08 from Law no.01.10 pointed out giving a legal certification for practicing audit is after the enrollment at the Institute of Education in charge of the Minister of Finance or institutes approved by him after conducting a competition for candidates who possess a University degree in certain fields. And the conditions of these institutes enrollment are not yet determined.

- The continuous Education and Vocational Training

The training committee emanating from the national council of accounting should be in charge of the process of training and developing the professionals, since it have not had or supervised training sessions related to auditing and accounting however.

- The independency of the external auditor:

Through reading the Commercial Code and the laws regulating the profession of external audit in Algeria, one can infer aspects of the external auditor independency which are represented as followed:

- **Concrete independency:** According to the provisions of Article 175 from the commercial law, it could not be assigned to an external auditor for auditors who are in certain positions to preserve the independency, represented mainly in the following situations:

• Relatives and persons in-laws to the fourth degree, and the auditor's partner including the senior management and board members.

• The external auditor should not be a partner in an audit company who owns a capital of more than 10 percent.

• Partners of auditors who were in charge of administration or members of the Supervisory Board or the Board of Directors for 5 years from the date of the termination of their jobs.

• In addition, the appointment of two professionals from the same audit company should be prevented to perform auditing services.

- **Ethical Independency**: It represents the work of the external auditor with objectivity and without bias to any of the parties, in which the text of the law no. 96/137 related to professional ethics for the three professions which are : accountants experts, Governor of the accounts and the certified accountants, and are based on the need to enjoy the external auditor with Sobriety, rigor and calm, and his enjoyment of honesty, independency and professional honor of conscience and the implementation of the professional care and professional secrecy.

- **The independency in the way of working**: Through the non-interference of any party in one's duties across all stages of the audit process in the organization, as stated in Article 34 of Law no.10.01 that the accounts governor notifies the board of directors in a written form.

The ladder fees decision issued in 2007 determined the fees of the external auditors in Algeria which cost 500DA an hour while taking into account the total amount of the balance sheet.

- **Fees of the audit process**

Article 37 of the Law no.10.1 related to account governors fees should be identified by the General Assembly or the board in the beginning of his mission, and cannot have any extra fees or privileges whatever its shape with the exception of fees and recompenses incurred in the framework of his mission.

- **Audit quality control**

Among the most important statements of the law no.10-01, as well as the executive decrees is the establishment of a committee for monitoring audit quality of the external auditors while its role is as followed:

• Developing ways of working in the field of the audit quality.

• Giving a point of view and propose a regulatory texts projects in the field of audit quality.

• Developing standards which include the modes of organizing and conducting the offices.

• Developing measures that allow the insurance of monitoring the audit quality.

• Ensuring and monitoring to what extent the rules of ethics and independency are respected.

• Preparing a list of observers selected from among professionals in order to ensure the tasks of controlling the quality.

• Organizing seminars about audit quality of professional ethics and behaviors that must be practiced by professionals.

III- The means to activate the external audit quality in Algeria

The issuance of Law no. 10.1, and the decrees attached to it from the elements with a positive impact on the external audit quality in Algeria, that is not enough since they must activate the role of the National Council for Accounting and the other three professional organizations on the ground however, which serves to develop the external audit quality, especially with regard to the experience of the external auditor, an ongoing training and professional training, a way of practice in which the external audit is in accordance with the international audit standards, formal and substantive requirements relating to the work of audit offices and controlling the external audit quality. And can be inserted as followed:

1 - Academic mechanisms

Academics with an interest in accounting have a burden of continuous improvement in education programs, particularly in post-graduate and continuing education programs so as to produce an external auditor qualified appropriately and sufficiently in order to contribute to the achievement of the auditing quality, in addition to directing researches to solve the problems of professional practice and participate in the planning and implementation of continuous education programs and one can determine the roles of academics to the contribution for improving the audit quality are as followed:

A - Developing the educational programs in the field of accounting, auditing and directing accounting research for the issues related to the audit quality and continuing professional education programs.

B - The need for holding conferences in the field of audit quality with a focus on the discussion of realistic issue of accounting and audit standards and its role in giving confidence to the financial information and the achievement of accounting disclosure on the one hand and increase the possibility of the adoption of the stakeholders in the organization on the accounting information that leads to disclosure on the other hand.

C - The need to achieve integration between universities in the field of accounting and audit at the local and international level, through holding workshops and seminars between universities for the purposes of the development of accounting and auditing programs.

2 - Professional regulatory mechanisms

The profession of accounting and auditing works through formal professional organization which protects its members and develop their scientific and practical abilities continuously and issues professional guidance and controls to ensure upgrading the level of the profession and the level of its members, and this represents a serious challenge to the professional organizations in Algeria so it needs to develop and implement practical mechanisms to support the profession of accounting and auditing and the most important of these mechanisms are:

Activating the committee of training that is emerging from the National Council of accounting through training its external auditors on the latest developments related to the audit quality, and governance and its mechanisms.

The standardization committee emanating from the National Council for Accounting appoints a committee of experts made up of professionals and academics in which its mission is to create a national standards draft for external audit while it takes into account the Algerian economic environment and its orientations on the one hand, and is consistent with the international auditing standards on the other hand in order to unify the professional practices.

Requiring the audit offices to write annual reports provided with the moral and financial outcome of the offices and is given to the National Council of accounting.

Creating a specialized institute for the training of the external auditors while providing them with internationally recognized certifications, in addition to urge the external auditors to engage in international institutes to exchange and gain experience.

To develop continuously the financial accounting system in which the responsibility is driven for the National Council of Accounting to help the external auditor perform his work efficiently and effectively in order to implement the audit quality.

The need to control the external auditor's work through examining their performance so that there will be an exchanging experience with the auditors.

The need to communicate with international organizations across the world, such as IFAC and attempting to take an advantage of all the benefits provided by these organizations of technical assistance to its members, especially developed countries .

Activating programs of education and continuing training, which becomes the most important element for scientific and practical training of an accountant and an auditor alike, and work to improve trainings and re-examine the process of providing certifications for auditor trainers.

3 - Activating the mechanisms of governance and its Interactive relationship with the external audit

The activation of governance mechanisms' relationship with the external auditor is considered as one of modern reflections to improve its quality and strengthen the independency and impartiality of the external auditor in Algeria, and it can be contributed through:

- Organizing the internal auditing function in the Algerian companies which operate according to the International standards of the internal audit to ensure its independency, objectivity and the efficiency and effectiveness of its operations, while ensuring the continuity of examination by both internal and external parties in order to achieve the integration with external auditing and increase the level of its performance and to ensure that its performance' level brings about satisfaction of the stakeholders.
- Developing the work of audit committees, especially with regard to overseeing the internal control system and activating the relationship between the internal and external audit on the one hand and between the board and senior management on the other.

- The need for the issuance of corporate governance's codes for the various types of companies including the interaction between the governance mechanisms to ensure the selection of external auditors with high quality, and thus lead the external audit offices to improve the quality of their performance.

Conclusion

The world has witnessed during the last years changes consisted mainly of globalization, enormous economic developments, informatics, as well as financial and economic collapses in which touched the major companies in the world, which has led to an increasing interest of the external auditing profession as a controlling tool which ensures the companies' ability to keep up with these tremendous changes, and it can be concluded that the external auditing has known a remarkable development through its concept, goals and role, especially with regard to its quality, which is one of the modern concepts that has different views, and which owns an extreme attention from the international professional organizations through the standards issued by them.

The quality of the external audit is affected by a range of internal and external factors related to the Office of Auditing, the audited company, and the external environment, which affects its performance in relation to the ratification of the legitimacy and sincerity of accounts, detecting errors, fraud and illegal acts, testing the future of financial information and identifying to what extent the company is able to continue in the business.

As for Algeria is concerned, despite the reforms witnessed by the external audit profession which culminated in the issuance of Law no.0.1/10, and the decrees attached to it, the profession still suffers from many shortcomings however, such as the lack of effectiveness of the National Council role for Accounting and the other three professional organizations on the ground, which serves to provide and achieve external audit quality, especially with regard to the experience of the external auditor, providing an ongoing professional training ,the way the external audit profession is practiced in accordance with international standards of auditing, formal and substantive requirements relating to the work of audit offices and controlling the quality of the external audit.

For the application of the requirements of the audit quality in Algeria, the preparation of Algerian educational institutions is required through updating their training programs and accessing the developments related to accounting systems and the audit quality, as well as creating an environment in which the audit offices operate through activating and regulating the organizations that are supervising accounting and auditing in Algeria, as well as ensuring continuous training for the auditors, while providing means for monitoring them, followed by the adoption of legislative frameworks and internal laws in Algerian companies to ensure that the interaction of governance mechanisms in order to improve the external audit quality.