

**FACTORS AFFECTING AUDIT QUALITY IN REGISTERED
COMPANIES IN LIBYA**

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COMPANIES IN LIBYA**



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(International Accounting)**

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Abstract

The study is motivated by academic available literature on the need to examine factors affecting audit quality in developing economy like Libya. The purpose of this study is to examine the factors affecting audit quality in registered companies in Libya. This study is based on three variables that are used to understand and analyze the level of audit quality within audit firm in Libya. The three variables that are measured in this current study are: independence auditor, audit firm size and audit fees. The data were collected through the distribution of questionnaires to 80 respondents in Libya and processed using Statistical Package for Social Science (SPSS) software for the purpose of this study.

By using correlation and regression analysis, the findings of the study show that there is a positively significant relationship between independent auditor and audit firm size and audit quality. On the other hand, audit fees indicates a positive but insignificant correlation with audit quality.

Key words: *audit quality, independence auditor, audit firm size, audit fees, Libya.*

Abstrak

Kajian ini adalah didorong oleh kesusasteraan akademik disediakan atas keperluan untuk mengkaji faktor yang mempengaruhi kualiti audit dalam membangunkan ekonomi seperti Libya. Tujuan kajian ini adalah untuk mengkaji faktor yang mempengaruhi kualiti audit dalam syarikat-syarikat yang berdaftar di Libya. Kajian ini adalah berdasarkan kepada tiga pembolehubah yang digunakan untuk memahami dan menganalisis tahap kualiti audit dalam firma audit di Libya. Tiga pemboleh ubah yang diukur dalam kajian ini semasa adalah: Yuran kebebasan juruaudit, saiz firma audit dan audit. Data yang telah dikumpulkan melalui pengedaran soal selidik kepada 80 orang responden di Libya dan diproses menggunakan Pakej Statistik untuk Sains Sosial (SPSS) perisian untuk tujuan kajian ini.

Dengan menggunakan korelasi dan analisis regresi, dapatan kajian menunjukkan bahawa terdapat hubungan yang positif yang signifikan di antara juruaudit bebas dan saiz firma audit dan kualiti audit. Sebaliknya, yuran audit menunjukkan korelasi yang positif tetapi tidak penting dengan kualiti audit.

Kata kunci: *kualiti audit, juruaudit kemerdekaan, saiz firma audit, yuran audit, Libya.*

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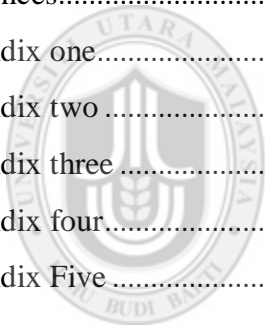
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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Audit services are considered most important for the users of financial statement who trust in the financial report. Audit has been contributing also into developing countries to promote the economy and running the business smoothly. Moreover, audit opinion considers is most important which based on the fairness of financial statement. It is most essential for users of financial statement must be known that data used properly and honestly present actual figure Suyono (2012). Auditors of firms must be developing their skills and competencies to avoid any error and increase worth of auditor's report and financial statements which already audited. Furthermore, the audit services refined and deliver the additional value to the financial statement that stated in the financial report that report will help to investors utilising these information for decision making.

Firm's audit financial report or financial statement by the sovereign person who audit financial report. Main objective of the audit professionalism (auditors) always considers as trustworthy to determine that financial statement with assurance that has no misstatement presented in audit report and fraud. Users of financial reporters consider that public accountant credible in services of financial and take true decision which matches the standards of accounting by and beneficial for the organization, investors (Al-Khaddash, Nawas & Ramadan, 2013). On that bases credibility of auditors also increase in the market.

In last decades financial crises was increased in whole world which effects on the financial firms, than policy makers come to cover and stands up that crises to pay attention on important of main functions of audit which most vital for the capital markets and focus on the main key driver of audit quality Al-Khaddash, et al., (2013). After that many remedies introduced to reduce the or overcome the problems first time in US 2008 forward the step to

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