

PROFESSIONAL ETHICS ON AUDIT ASSURANCE ENGAGEMENT: EVIDENCE FROM NIGERIAN FIRMS

John-Akamelu Racheal Chitom

Department of Entrepreneur Studies Unit,
Faculty of Management Sciences,
Nnamdi Azikiwe University, Awka, Nigeria.

Iyidiobi Felicia Cheluchi

Department of Accountancy,
Faculty of Management Sciences,
Enugu State University of Science and Technology, Enugu, Nigeria.

ABSTRACT

The main objective of this research work is to determine the professional and ethical issues in audit assurance engagement. Specifically, the study will in more specific term attain the following objectives: to determine whether ethical issues in auditor affect the quality assurance of audit; to ascertain the extent professional ethics affect auditing standards and to evaluate if the amount of audit fee paid by client influence the auditor's professional ethics. Research questions and hypotheses were formulated in line with the objectives of the study. Survey research design was adopted. Data were obtained from questionnaires and analyzed with five point likert's scale and the three hypotheses formulated were tested using t-test statistical tool with aid of SPSS statistical package version 20.0. The study revealed that the professional ethics significantly affect the quality assurance of audit hence, Professional ethics is essential in quality assurance in audit as it enhance independence of auditor, also that the professional ethics has a significant effect on quality of standards in auditing. Another finding is that the amount of audit fee paid by client can easily influence the auditor's professional ethics. Based on this, the study recommends among other things that professional accountants should be trained for the task ahead before being deployed to the field and induction training should be provided to new auditors on the fundamentals of carrying out a quality auditing exercise.

Keywords: professional ethical, audit standards and audit assurance engagement

INTRODUCTION

In the past few years, quality audits have taken to the fore of mechanisms used for the assessment of the quality assurance effectiveness and for the assessment of adherence to established quality standards (Karapetrovic & Willborn, 2000). In regards to this, programs dedicated to quality assurance review are developed to assure the public that auditors do maintain a great degree of practical competence. Such programs are however relatively new in the public accounting industry. The origin of the programs in the U.S. can be traced back to voluntary programming in the mid-1970s and has since evolved to become mandatory in 1988.

Ethics in professional accounting are of utmost importance. Now that widespread corruption in the society and the failure of organization in every parts of the world have once more increased the need for accounting professionals to adhere strictly to the codes of professional ethics prescribed by international accounting bodies. According to Ogbonna and Appeah (2011), the widespread corruption in the business environment seems to be the order of the day in all societies.

Historically, the public has relied upon audited financial statements when making financial decisions for investments. They have leaned on the auditing profession to confirm the accuracy and completeness of this financial information in order to make informed decisions. The main objective of financial reporting is to provide financial information to current and potential investors, creditors, and stakeholders. This information is intended to assist them in making well-reasoned investment, credit, and financial decisions as well as accurately report the economic resources and obligations of a company. As a result, auditors are perceived as the “gatekeepers” in protection of the investing public. However, the occurrence of a number of fraudulent financial misstatements from companies such as WorldCom (2002), Global Crossing (2002), and Tyco (2002), and even cases in Nigeria especially in the banking sector has raised doubts in the mind of the public regarding the credibility of corporate financials as disclosed on annual reports. In the light of the foregoing, regulators and standard setters have in recent years reiterated the importance of professional skepticism. Both the International Auditing and Assurance Standards Board (IAASB) and the Public Company Accounting Oversight Board (PCAOB) in the US have been prompted to issue guidance for auditors on how to improve the effectiveness of the audit process through an emphasis on professional skepticism. The Nigerian Security and Exchange Commission (2008) have also emphasized the need for professional skepticisms in the audit process.

The nature of the work carried out by accountants and auditors requires a high level of ethics shareholders, potential shareholders and other users of the financial statement rely heavily on the yearly financial statement of accountant as they can use this information to make an informed decision about investment, they rely on the opinion of the accountants who prepare the statement as well as the auditors that verified it to present a time and fair view of the company knowledge

of ethics and can help accountants and auditors to overcome ethical dilemmas, allowing for the high choice that although may not benefit the company will benefit the public who relies on the accounts auditor's report (Oraka & Okegbe, 2014).

1.2 Statement of Problem

Over years, allegations and scandals of unethical conduct have been directed towards managers (in general and accounts/auditors in partial in virtually all segments of the society, including government, business, charitable organization and even in religion - Garrison, 2003).

In the Nigerian corporate environment a tendency for a fall in the quality of corporate financial reporting has been witnessed amongst companies and this suggest that declining corporate financial reporting quality is fast becoming a key challenge for stakeholders in the Nigerian corporate setting. The cases of African Petroleum PLC which showed financial statements of the company did not fairly present the company's financial position (Oyejide and Soyibo, 2001), that of Cadbury Nigeria Plc (Itsueli, 2006) and the banking sector challenges which saw the Economic and Financial Crimes Commission (EFCC) summoning the top management of some of the banks as a result of fraudulent financial reporting are classical examples of financial reporting challenges in Nigeria. Based on the foregoing, it is obvious that a crucial part of what is needed to improve the quality of the auditor work is for auditors to apply due professional skepticism in the conduct of their audit procedures. The failure to exercise skepticism is highlighted as the top three most important factors of audit deficiencies in fraud related cases (Beasley, Carcello & Hermanson, 2001).

Meanwhile, the quality assurance system implementation leads to higher trust of clients in the organization's operations and products, and services, such an implementation calls for an effective framework that functions as a reference standard for the assessment of the system in that it has been developed in a structured, complete and effective manner (Venter & Du Bruyn, 2002). The quality assurance primary aim is instead of criticizing specific systems, to ensure that the audit products/services satisfy the established international best practices and to satisfy stakeholders' needs (ASOSAI, 2009). Audit of low-quality leads to business failure, which in turn may lead to other results including business failure, corruption, among others (Kayrak, 2008).

In many economies there is a growing research geared towards heightening the need for professional ethics in the audit environment. For example in the United States Luz (2012), Carpenter, Durtschi and Gaynor (2002), Nelson (2009) have conducted studies on auditor professional skepticism. Ramzan, Ahmed and Kaveh (2013) examined this issue for Iran. Syamsuddin, Abdul and Mediaty (2014) conducted a similar study in foreign countries.

However, in Nigeria, this issue has not been thoroughly examined and this is a gap that motivates this study.

1.3 Objective of the Study

The main objective of this research work is to determine the professional and ethical issues in audit assurance engagement. Specifically, the study will in more specific term attain the following objectives:

1. To determine whether ethical issues in auditor affect the quality assurance of audit.
2. To ascertain the extent professional ethics affect auditing standards.
3. To evaluate if the amount of audit fee paid by client influence the auditor's professional ethics.

1.5 Research Hypotheses

1. Ho: The professional ethics do not affect the quality assurance of audit.
2. Ho: The professional ethics has no effect on quality standards in auditing.
3. Ho: The amount of audit fee paid by client does not influence the auditor's professional ethics.

REVIEW OF RELATED LITERATURE CONCEPTUAL AND EMPIRICAL REVIEW

Audit Quality Assurance

Past studies made attempts to determine the effectiveness of the audit quality assurance using different research methods. Generally, the authors obtained an overall general understanding of audit quality assurance. In this section, prior studies dedicated to the subject are identified and described. To begin with, Venter and Du Bruyn (2002), quality assurance reviews of internal auditing function provided firms with an extensive and qualitative review of their auditing procedures and recommended that they enhanced their controls, minimize their risks and launch successful practices. In another related study, Marais (2004) determined how to maintain and enhance the internal auditing function quality, and assess its efficiency and effectiveness through internal and external means. The author revealed that an audit quality programmer's main goal is to guarantee and enhance the internal auditing function quality and assess its effectiveness and efficiency through both means. Moreover, Russell and Armitage (2006) assessed peer review effectiveness in monitoring assurance quality in the context of the U.S. and found that some auditors consider a peer reviewer to be allowed in self-selection engagement. Similarly, Morrison and Shough (2009) contended that practitioners consider peer reviews to be advantageous to improving auditing practices and that it leads to enhanced engagement quality assurance. In a related study, Chambers (2006) provided a discussion of the developments and challenges in providing quality assurance services in external auditing in an attempt to contribute to public confidence on external and internal audit quality and to pinpoint fraud indicators.

Ethical Standards in the accounting profession:

Nwagboso (2008) says that accounting is a profession that rests heavily on the need to exhibited a high sense of accountability and stewardship, hence the emphasis that all members be guided by professional code of conduct (Aguolu 2006; Okezie 2008; Nwagboso, 2008). Nwanyanwu 2010; Ogbonna and Appah 2011) provided the fundamental guidelines applicable to all accountants. These guidelines include:

Integrity: This is the quality being honest and having strong moral principles. It implies not merely honest but fair dealing and truthfulness. This principle of integrity imposes an obligation on all accountants to be straight forward and honest in professional and business relationships.

Objectivity: The Principle of objectivity imposes the obligation on all professional accountants to be fair intellectually honest and free from conflicts. This principle requires four basic needs of credibility, professionalism, quality of service and confidence.

Professional competence: A professional accountant, in agreeing to provide professional services implies that he is competent to perform the service. Accountant should refrain from agreeing to perform professional services which they are not competent to carry out unless competent advice and assistance are obtained.

Confidentiality: A professional accountant should respect the confidentiality of information acquired during the course of performing professional services. They should not use or disclose any such information without proper and specific authority.

Independence: Independence means having a position to take an unbiased viewpoint in the performance of professional assignments. Accountants must not only maintain an independent attitude in fulfilling their responsibilities, but the users of financial reports must have confidence in that independence.

Technical standards: professional service should be carried out in accordance with the relevant technical and professional standards. The services should conform to the technical and professional standards of relevant accounting bodies and other legislation.

Ethics in Accounting Profession

“Ethics” is a term subject to numerous, sometimes conflicting, intergradations (Luoma, 1989). Ethical problems are a very relevant issue present in many aspects of real life. These situations can be examined through several branches and under several grids of analysis, modern or classic (Filipe et al 2011). A squishing mark of the accounting profession is its acceptance of the responsibility to act in the public interest (IFAC, 2005). Key qualities which appear in the codes of ethics of professional bodies include independence, integrity, objectivity, competence and

judgment for example, the ICAEW's introduction to its 'Guide to professional ethics' (ICAEW, 1997) include a list of five fundamental principles which either expressly mentions or clearly implies all of these qualities, along with other related qualities such as honesty, fair-dealing, truthfulness, courtesy, skill and diligence (Growthorpe, 2005).

Because of the importance of the issue, many researchers in developed countries have conducted studies on accounting ethics education. They have indicated that ethics education must be given in business schools for the development of future generations (aliyurt, 2007). Ethics education helps students identify the link between ethical decision-making and real-life behavior (Helps, 1994). Abu Bakar et al, (2008) explore the ethical attitudes of the final year accounting students. The study indicates that the majority of respondents would prefer not to indulge in unethical behaviour. Professional ethics has significant position in the organization of that Federation of Accounting Professions (FAP) and in Australia, ethics are at present the responsibility of an accounting Professional and Ethical standards Board limited (Gaffikin, 2009).

Factors Influencing Auditors' Professional Skepticism/Ethics

1 Accounting ethics

Accounting research on decision-making suggests that cognitive studies need to consider the context in which accounting judgments are made (Fuller & Kaplan, 2004). One context under which such decisions are made is accounting ethics. Ethics requires individuals to perform tasks to an acceptable standard (Schlenker, 1997). The auditing literature reports that when auditors perform their roles in line with the ethics of the profession, it has a significant impact on their decisions. These studies (De Zoort et al., 2006) suggest that accounting ethics increases the auditor's effort in applying due diligence and professional skepticisms in the discharge of their duties. In addition, accounting ethics makes auditors more cautious, that is, auditors are possibly more skeptical (Morton & Felix, 1991). Peecher (1996) found that auditors made more conservative judgments when they act in line with ethical standards. Similarly, Nieschwietz et al. (2000) suggested that accounting ethics should increase the effectiveness of the audit because it makes auditors more objective. The results of the above studies suggest that the enforcement of accounting ethics is likely to increase professional skepticism because auditors will increase cognitive effort and vigilance which makes them proceed cautiously.

Audit Tenure

Audit tenure is the length of time the concerned auditor has conducted an audit of a unit/business unit/ company or agency. The researcher assumes that the longer the auditor conducts the audit, the poorer the resulting quality of the audit. This is because the auditor has had less challenges and the auditing procedures performed are less innovative or may fail to maintain a high level of professional skepticism (Syamsuddin and Abdul 2014) America's most iconic companies, such as General Electric and Coca-Cola, have been audited by the same accounting

firms and their predecessors for over 80 years (Le Vourc'h and Morand 2011). Some investors and regulators fear that auditors who have maintained these long relationships with clients will fall victim to the halo-effect. Defined as the human tendency to like or dislike everything about a person (even the unobserved), the halo effect could cause an auditor to unconsciously give management the benefit of the doubt because of their long-term relationship (Selling 2012). While the halo effect could conceivably impact an auditor's judgment, the relationship between auditor tenure, professional skepticism, and audit quality is quite complex. The traditional argument for reducing the length of auditor-issuer relationships is that doing so will increase skepticism and thus improve audit quality. However, decreasing the length of these relationships could also result in the loss of a great deal of institutional knowledge by auditors (McGarry, 2012).

Audit fee

Many financial experts believe the greatest threat to the independence and professional skepticism of the external auditor isn't long audit tenures or the increased provisioning of non-audit services, but rather the pay structure of the external audit itself. Since the inception of the external audit, many investors, regulators, and academics have argued that auditors cannot truly be independent of their clients, because auditors are hired and paid by the people whose work they are auditing. McGarry (2012) opined that this isn't technically true; as per SOX, the hiring, firing, and compensation of auditors is controlled by the audit committee of each company's board of directors (rather than the company's management), a body that represents the interests of investors. Furthermore, the appointment of the auditor must be a decision, since it is management that works with the auditors on a day-to-day basis ratified each year by the majority of shareholders. In reality, however, audit committees usually rely heavily on management. For the same reason, ratification of the auditor by shareholders is considered a routine vote, and management's recommendation is rarely challenged. Thus, management is widely considered to exert considerable influence over the appointment and compensation of external auditors.

Experience of the Auditor

Furthermore, the experience of auditors is also another effective factor that can influence professional skepticism. Experience of auditor means the period of time they have audited the financial statements. So it said that whatever their experience is more, they can explain their findings more decisively. Experience like the formal and informal training improves the capabilities of auditors to judge professionally (Gunasti, 2010). Experience along with knowledge of auditors is an important factor in the audit process. Experienced auditors have comprehensive knowledge about the financial misstatements and deficiencies of the accounting system of the audited unit. Studies of Kalber and Fogarty (1995) showed that experience of auditors has a positive effect on their other professional skepticism and improves their professional behavior.

Professional Ethics and Qualitative Characteristics of Financial Reporting

The quality of financial reporting indicates a limit in which the financial reports of a company, its economic status, and functions, which are measured over period of time, are presented honestly (Talebria et al, 2001). Truthfulness of and trust in the financial reporting system depend on far more than the actions and decision of individuals or sophisticated ‘mechanisms’ for the whole system (Enderle, 2006). Companies in the energy, accounting and banking industries and the Professional Associations of the Certified Public Accountants, the investment managers and researchers have, in varying degrees, affected the quality of and confidence in the financial reporting systems. Therefore, truthfulness of and trust in the financial reporting system cannot be a matter of either personal or institutional ethics alone (Brenkert, 2004).

In 1980 the President of AICPA Willian Gregory warned members over the fact that “accountants have subordinated courtesy, mutual respect, self-restraint and fairness for a quest for firm growth and a pre-occupation with the bottom line”. Representatives of the big firms however denied ethical responsibility for the corporate scandals that occurred. According to them what happened between Enron and Andersen was not so much a consequence of the lack of ethics on the part of the auditors, but was due to the failure in the current financial reporting system that advocated for ‘backward-looking’ financial statements (Catecutan, 2006). Behaving ethically in accounting is more important than auditing because system prepares financial statements for auditing (Mahdaichou, 2010).

Enofe, Ukpebor and Ogbomo (2015) using a survey research design, the study examines the role of accounting ethics in fostering the attitude of auditor professional skepticism. In addition the influence of other factors such audit fee, audit tenure and auditor experience level was also examined. Primary data retrieved from well-structured questionnaire was developed and distributed to a sample of 75 auditors and the Ordinary Least Squares regression analysis was utilized as the method of data analysis. The study findings show the existence of positive and significant relationship between accounting ethics and Auditor professional skepticism. In addition, auditor tenure and audit fee were found to have a negative significant relationship with auditor’s professional skepticism while auditor experience was found to exert a positive significant effect on Auditor professional skepticism. The study concludes that accounting ethics will play an even more important role in improving auditor professional skepticism and hence there is the need for accounting regulatory bodies and other stakeholder to make concerted efforts at ensuring that accounting ethics are standardized and enforced strictly.

Oraka and Okegbe (2014) assess the impact of professional accounting ethics in quality assurance in audit. Data for the study were collected from both primary and secondary sources.

The data collected were analyzed with means score and standard deviation and the three formulated hypotheses were tested with z-test statistical tool. Based on the analysis, the study found among others that quality assurance in audit has enhanced investors' confidence in the reliability of audited accounts and Professional ethics of independence have significant impact on quality assurance hence, Professional ethics is essential in quality assurance in audit as it enhance independent of auditor.

Waleed and Daw (2016) assess the impact of organizational culture to improve audit quality assurance in the public sector in the context of auditing; organizational culture facilitates the provision of optimum services, effective decision-making and the creation of competitive advantage and maintenance of prosperity. The study presumed that culture forms the core of the activities of the firm and it influences its productivity, and its products and services in light of their quality. Therefore, culture is a pre-requisite of the development of a firm and it has a significant influence on the quality of audit. The finding of the present study showed that organizational culture is the heart of the organizational activities that has an effect on the organization's effectiveness and product/service quality.

Arezo (2011) assesses what researchers have done about audit quality issue and identify gaps in the literature. The paper has reviewed the literature on audit quality in the current professional environment. The study focused on issues associated with the audit quality from different dimensions. The paper state that states that characteristics related to audit team were generally perceived to be more important to audit quality than characteristics related to the audit firm itself but the individual characteristics of auditors as a member of audit team may be the most important features of audit quality.

Most of researches in this subject were conducted in foreign countries. However, in Nigeria, this issue has not been thoroughly examined, that is, there are limited studies and this is a gap that motivates this study.

METHODOLOGY

3.1 Research design

Survey research was adopted for this study. According to Nworgu (2004), this design involves the gathering of data through questions and interviews from few people or items considered to be representative of the entire group. This design was selected for this study because the study seeks to sample the opinion of respondents and draw inferences based on their views.

This study covered Audit firms in Enugu state, Nigeria. Since the research is a survey designs that needs people's opinion, the researcher choose these areas for easy accessibility in order to administer questionnaires to the respondents. The population for the study consist all the Audit

firms in Enugu metropolis. The elements of the population consist of the staff of each of the audit firm.

S/N	Audit	No
1	Abacux Consult	8
2	Uchenna Iwuagwu and Company	7
3	Robert Harrison Consulting Ltd	4
4	Dom Arinze Chukelu & Co	4
5	Okwudili Taiwo & Co	6
6	Benjamin Gabriel Ltd	7
7	Green orient Ltd	7
8	Hegbo-J & Co (Chartered Accountants)	10
9	Ndefo Walter & Co	4
10	Reaniefo and Associates	5
11	Vixinoz Consult	7
12	C & M management services	6
	Total	75

3.4 Sample Size and Sampling Techniques

In determination of sample size for the study and considering the population of the study, the researcher makes use of audit firms in Enugu metropolis, Enugu.

3.5 Source of data collection

To obtain reliable information that will help the researcher to ensure the effectiveness of the study in question, data was collected from primary source through the use of questionnaire.

The questionnaire was design in a structured form and made up of two part; the personal data and general questions of three (3) research questions to be answered hypothetically and was restricted with the responses made of strongly agree (SA) agree (A) undecided (U) strongly disagree (SD) and disagreed (D).

3.6 Method of Data Analysis

Data collected for the study were analyzed by the researcher using five point likert scales. The three hypotheses formulated for the study were tested with t-test with aid of Statistical Package for Social Sciences (SPSS) version 20.0 software package.

Decision Rule:

Using SPSS, 5% is considered a normal significance level. The accept reject criterion.

The hypotheses formulated for this study was tested based on regression statistics. The decision reached on hypotheses are based on the result obtained from t-test calculation and tabulated value of the regression distributed.

If the computed t-value is less than the critical value, the null hypotheses (Ho) are accepted and the alternative hypotheses (Hi) rejected. But if the computed t-value is greater than the critical value, the alternative hypotheses (Hi) are accepted and null hypotheses (Ho) rejected.

DATA PRESENTATION AND INTERPRETATION

4.1 Data Distribution and Return

Out of 75 copies of questionnaire that were distributed, 63 were returned, this represents 84%.

Question One

To what extent professional ethic issues affect the quality assurance of audit?

S/N	QUESTIONS	SA	A	UN	SD	D
1	Ethical and professional accounting forms a clear financial image of a business and allows manager to make informed decisions.	10	31	7	10	5
2	Quality assurance in audit enhance is added more credibility and acceptance in audited accounts.	12	36	4	8	3
3	Auditor's competence affect the quality assurance of audit	21	30	2	6	4
4	More confidence is being attracted to the quality assurance in audited accounts.	22	20	4	11	6
5	Quality assurance in audit enhances reliability of financial statement.	20	26	0	12	5

Question Two

To what extent do the professional ethics affect auditing standards?

S/N	Questions	SA	A	UN	SD	D
6	For an auditor to produce a quality result, the experience of professional ethics should be of most important.	23	27	4	6	3
7	Professional knowledge helps in producing the quality of audit task.	19	29	0	9	6
8	Professional ethics is essential in quality assurance in audit as it enhance independent of auditor.	21	25	2	10	5
9	Quality assurances in audit improve the professional ethics.	24	25	4	7	3
10	Professional ethics is essential in quality assurance in audit as it enhance independent of auditor.	22	30	1	5	5

Question Three

To what extent does the amount of audit fee paid by client influence the auditor's professional ethics?

S/N	Questions	SA	A	UN	SD	D
11	The audit fee has a very strong effect on the level of the auditor's questioning mind.	21	31	5	6	0
12	If there is an effective regulation by ICAN of the amount of fees charged by auditors and paid by audit-clients it may help in curtailing economic bonding between auditors and clients	20	30	3	7	3
13	The level of inquisitiveness of the auditor may be biased in order to maintain relationship with a client that pays very high audit fess.	17	31	0	11	4
14	The amount of fees paid by clients to auditors can create economic bonding between the auditor and the client which may undermine the independence and curiosity of the auditor.	18	33	2	6	4
15	The effect of audit fee on auditor professional skepticism is influenced by the type of the audit firm.	21	23	4	10	5

4.3 TEST OF HYPOTHESES

Hypothesis one

Ho: The professional ethics do not significantly affect the quality assurance of audit.

One-Sample Statistics

Questions	N	Mean	Std. Deviation	Std. Error Mean
1	5	12.60	10.502	4.697
2	5	12.60	13.557	6.063
3	5	12.60	12.280	5.492
4	5	12.60	8.112	3.628
5	5	12.60	10.621	4.750

One-Sample Test

Questi ons	Test Value = 0					
	T	df	Sig. (2- tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
1	2.683	4	.055	12.600	-.44	25.64
2	2.078	4	.106	12.600	-4.23	29.43
3	2.294	4	.083	12.600	-2.65	27.85
4	3.473	4	.026	12.600	2.53	22.67
5	2.653	4	.057	12.600	-.59	25.79

Decision:

From the above one-sample t-test table, the five questions give a positive result. The calculated t-value is 13.181 while the table t-value is 1.812. This means that calculated t-value is greater than the table t-value ($13.181 > 1.812$). We therefore reject null hypothesis and uphold alternative hypothesis which states that the professional ethics has significant effect on the quality assurance of audit.

Hypothesis two

Ho: The professional ethics has no significant effect on quality standards in auditing.

One-Sample Statistics

Questio ns	N	Mean	Std. Deviation	Std. Error Mean
1	5	12.60	11.459	5.124
2	5	12.60	11.459	5.124
3	5	12.60	10.015	4.479
4	5	12.60	10.968	4.905
5	5	12.60	12.661	5.662

One-Sample Test

Question s	Test Value = 0					
	t	df	Sig. (2- tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
1	2.459	4	.070	12.600	-1.63	26.83
2	2.459	4	.070	12.600	-1.63	26.83
3	2.813	4	.048	12.600	.16	25.04
4	2.569	4	.062	12.600	-1.02	26.22
5	2.225	4	.090	12.600	-3.12	28.32

From the above one-sample t-test table, the five questions give a positive result. The calculated t-value is 12.525 while the table t-value is 1.812. This means that calculated t-value is greater than the table t-value ($12.525 > 1.812$). We therefore reject null hypothesis and uphold alternative hypothesis which states that the professional ethics has significant effect on quality standards in auditing.

Hypothesis three

Ho: The amount of Audit fee paid by client does not influence the auditor's professional ethics.

One-Sample Statistics

Questions	N	Mean	Std. Deviation	Std. Error Mean
1	5	12.60	12.934	5.784
2	5	12.60	11.971	5.354
3	5	12.60	12.178	5.446
4	5	12.60	12.992	5.810
5	5	12.60	8.905	3.982

One-Sample Test

Questions	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
1	2.178	4	.095	12.600	-3.46	28.66
2	2.354	4	.078	12.600	-2.26	27.46
3	2.314	4	.082	12.600	-2.52	27.72
4	2.169	4	.096	12.600	-3.53	28.73
5	3.164	4	.034	12.600	1.54	23.66

From the above one sample t-test table, the five questions give a positive result. The calculated t-value is 11.179 while the table t-value is 1.812. This means that calculated t-value is greater than the table t-value ($11.179 > 1.812$). We therefore reject null hypothesis and uphold alternative hypothesis which states that the amount of Audit fee paid by client has influence the auditor's professional ethics.

4.4 DISCUSSION OF FINDINGS

From the data analyzed, the three hypotheses revealed that the professional ethics significantly affect the quality assurance of audit, hence, professional ethics is essential in quality assurance in audit as it enhance independence of auditor; that the professional ethics has a significant effect on quality of standards in auditing. It means that professional ethics of independence has significant impact on quality assurance and that the amount of audit fee paid by client can easily influence the auditor's professional ethics. These results are in line with Enofe, Ukpebor and Ogbomo (2015) whose findings show the existence of positive and significant relationship between accounting ethics and auditor professional skepticism. Also that accounting ethics will play an even more important role in improving auditor professional skepticism. Oraka and Okegbe (2014) who shows that professional ethics of independence have significant impact on quality assurance, hence, professional ethics is essential in quality assurance in audit as it enhance independent of auditor. Arezoo (2011) who confirmed that characteristics related to audit team were generally perceived to be more important to audit quality than characteristics related to the audit firm itself.

FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

Based on the literature reviewed and data analyzed, the following findings were drawn:

1. The study revealed that the professional ethics significantly affect the quality assurance of audit, hence, professional ethics is essential in quality assurance in audit as it enhance independence of auditor.

2. The professional ethics has a significant effect on quality of standards in auditing. It means that professional ethics of independence have significant impact on quality assurance.
3. Also that the amount of audit fee paid by client can easily influence the auditor's professional ethics.

5.2 Conclusions

The study determines the effect of professional ethics in quality assurance of audit. Using a survey research design, the study examines the role of accounting ethics in fostering the attitude of auditor professional skepticism. The study findings show the existence of positive and significant relationship between accounting ethics and auditor professional skepticism.

Auditors are perceived as the “gatekeepers” in protection of the investing public. However, the occurrence of a number of fraudulent financial misstatements from companies has raised doubts in the mind of the public regarding the credibility of corporate financials as disclosed on annual reports. In the light of the foregoing, regulators and standard setters have in recent years reiterated the importance of professional skepticism. The study concludes that accounting ethics will play an even more important role in improving auditor professional skepticism and hence there is the need for accounting regulatory bodies and other stakeholder to make concerted efforts at ensuring that accounting ethics are standardized and enforced strictly.

5.3 Recommendations

Based on the findings, the following suggestions were made;

1. Basically, professional skepticism generally requires that an auditor should not believe documents presented by client until it sees evidence that they are genuine.
2. Professional accountants should be trained for the task ahead before being deployed to the field and induction training should be provided to new auditors on the fundamentals of carrying out a quality auditing exercise.
3. Auditor professional skepticism is crucial in those areas of the audit that involve significant management judgments or transactions outside the normal course of business.

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