

# THE EFFECT OF ACCOUNTING ETHICS IN IMPROVING AUDITOR PROFESSIONAL SKEPTICISM

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## ABSTRACT

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.

## INTRODUCTION

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 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.

Basically, Professional skepticism generally requires that an auditor should not believe documents presented by client on till it sees evidence that they are genuine. Auditor professional skepticism is crucial in those areas of the audit that involve significant management judgments or transactions outside the normal course of business. When auditors do not appropriately apply professional skepticism, they may not obtain sufficient evidence to support their opinions or may not identify or address situations in which the financial statements are materially misstated.

Evidence shows that the skeptical attitude of an auditor is particularly important when examining fraud risks, the application of which may reduce material misstatements resulting from fraud (Grenier 2010; Harding & Trotman 2011; McCormack & Watts 2011). It is the responsibility of each individual auditor to appropriately apply professional skepticism throughout the audit, including in identifying and assessing the risks of material misstatement, performing tests of controls and substantive procedures to respond to the risks, and evaluating the results of the audit. The failure to exercise skepticism is highlighted as the top three most important factors of audit deficiencies in fraud related cases in the US (Beasley et al. 2001). The driving force for professional skepticism is for the auditors to always maintain a questioning mind. In maintaining an attitude that includes a questioning mind and a critical assessment of audit evidence, it is important for auditors to be alert to unconscious human biases and other circumstances that can cause auditors to gather, evaluate, rationalize, and recall information in a way that is consistent with client preferences rather than the interests of external users.

According to McCurry (1977), the influence of ethics on auditor’s professional skepticism is powerful because: (i) they principally determine what he/she regards as right, good, worthy, beautiful and ethical. (ii) They provide the standards and norms by which he/she guides his/her day-to-day behavior. (iii) They chiefly determine his/her attitudes toward the causes and issues such as political, economic, social and industrial with which he/she comes into contact daily.

(iv) They determine which ideas, principles and concepts he can accept, assimilate, remember and transmit without distortion. The role of ethics in accounting practice had received considerable attention from several studies (Ryan, 2005; Verchoor, 2004). It suffices to also note that certain factors inherent in the audit environment can influence the appropriate application of Auditor professional skepticism. The adherence to professional ethics will help ensure that auditors are able to withstand such factors as incentives and pressures and affect the objectivity and skeptical nature of the auditor which is required for financial reporting credibility to be maintained.

## 1.2 STATEMENT OF RESEARCH PROBLEM

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 et al. 2001). In many economies there is a growing research geared towards heightening the need for professional skepticism 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 for Indonesia. However, for Nigeria, to the best of the researcher's knowledge, this issue has not been adequately examined and this is a gap that motivates this study.

## 1.3. RESEARCH QUESTIONS

The research questions are as follows;

- 1 What is the effect of length of accounting ethics on auditor's professional skepticism?
- 2 Does the amount of Audit fee paid by client influence the auditor's professional skepticism?
- 3 Are industry specialized auditors likely to be less professional skeptical?
- 4 To what extent does length of auditor-client tenure affect auditor's professional skepticism?

## 1.4. RESEARCH OBJECTIVES

The research objectives are as follows;

- 1 To examine the effect of accounting ethics on auditor's professional skepticism?
- 2 To examine the influence of length of auditor-client tenure and the auditor's professional skepticism.
- 3 To investigate if the amount of Audit fee paid by client influence the auditor's professional skepticism.
- 4 To evaluate the effect of the length of auditor-client tenure on auditor's professional skepticism.

## 1.5 RESEARCH HYPOTHESES

Based on the research objectives, the following hypotheses were developed and will be tested in the course of this study;

1. H<sub>1</sub>: The length of auditor-client tenure has an effect on the auditor's professional skepticism.
2. H<sub>1</sub>: The amount of Audit fee paid by client has a significant relationship on the auditor's professional skepticism.
- 1 Ho: The experience of the auditor has no effect on the auditor's professional skeptical.  
H<sub>1</sub>: The experience of the auditor has an effect on the auditor's professional skeptical.

## 2. LITERATURE REVIEW

### 2.1. Concepts of Auditor Professional Skepticism

Professional skepticism is an important concept in audit practice and an intrinsic part of the audit process. Although professional skepticism is a very important element of audit procedures, the meaning of professional skepticism is unclear. Notwithstanding this fact, the application of professional skepticism by auditors is very important to audit quality. However, various definitions of, and perspectives on, professional skepticism exist in the auditing literature. The word skepticism is formed from the root "skeptic," which comes from the Greek word "skeptikos," meaning "inquiring or reflective." To inquire is "to seek information by questioning; to ask." The characteristics commonly associated with being a skeptic include questioning and careful observation, probing reflection, looking beyond the obvious, and suspension of belief.

The International Standard on Auditing (ISA) 2000 defines Auditor Professional Skepticism as "an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence". They explicitly require the auditor to plan and perform an audit with professional skepticism recognizing that circumstances may exist that cause the financial statements to be materially misstated. As noted by the International Auditing and Assurance Standards Board (IAASB), professional skepticism is therefore rather found within the mental processes of an audit team

member, while the Auditing Practice Board (APB) relates it to personal characteristics such as self-confidence, watchful diligence and a critical, questioning mind. Professional skepticism is important both for internal auditors and independent auditors. SAS No 1 mandates that auditor must use professional skepticism due to professional care.

Nelson (2009) defines Professional skepticism as indicated by auditor judgments and decisions that reflect a heightened assessment of the risk that an assertion is incorrect, conditional on the information available to the auditor. Interpersonal trust in relation to professional skepticism is defined as a general expectancy held by an individual or a group that the word, promise, verbal or written statement of another individual or group can be relied upon. Professional skepticism, has however been found to increase with auditors' career levels and experience (Shaub and Lawrence 1999).

## **2.2. FACTORS INFLUENCING AUDITORS' PROFESSIONAL SKEPTICISM**

### **2.2.1 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.

### **2.2.2. 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 and 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).

#### **2.3.4 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 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 to inform their 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

#### **2.3.5. 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 knowledge of auditors is an important factor in audit process Experienced auditors have comprehensive knowledge about the financial misstatements and deficiencies of accounting system of audited unit. Studies of Kalber and Fogarty (1995) showed that experience of auditors has positive effect on their other professional skepticism and improve their professional behavior.

### **METHODOLOGY**

The research design guides the researcher in the collection, analysis and interpretation of the observation (Agbonifoh & Yomere 2005). Our research objective is to factors that determines professional skepticisms in Nigerian audit firms. In order to obtain a good understanding of the subject, we adopt the survey research design. The population of the study covers all audit firms in Edo and Delta states as at the study period. However, resulting from the practical difficulties of accessing the population, a subset regarded as a sample will be utilized. A sample size of 75 auditors audit firms was used in the study. In selecting the audit firms and the

respondents, the simple random sampling will be used in this study. Primary data was used for the purpose of this research. The study adopts the multiple regression techniques as the method of data analysis. By definition, regression models seeks to explain change or variation in the values of one variable called the dependent variable on the basis of other variables known as the independent or explanatory variables. The multiple regression model is presented below;

$$\text{AUDPSK} = \eta_0 + \eta_1 \text{AETHICS} + \beta_2 \text{AUDTEN} + \beta_3 \text{AUDFEE} + \beta_4 \text{AEXP} + U \dots (1)$$

Where; ATD=Auditors professional skepticism

AETHICS= Accounting ethics

AUDTEN=Audit tenure

AUDFEE= Audit fee

AEXP= Auditor experience

U = error term

#### 4. PRESENTATION AND ANALYSIS OF RESULT

Table 1 Pearson Correlation Result

	AUDPSK	AETHICS	AUDTEN	AUDFEE	EXP
AUDPSK	1				
AETHICS	0.3374	1			
AUDTEN	0.324	0.3406	1		
AUDFEE	0.289	0.416	0.483639	1	
EXP	0.463	-0.0701	-0.22097	-0.21926	1

Source: Researchers Compilation (2015)

From table 4.2 above, the correlation coefficients of the variables are examined. However of particular interest to the study is the correlation between AUSPSK and the other variables. As observed, AUDPSK is positively correlated with accounting ethics (AETHICS) which suggest that more adherence to accounting ethics will be associated improved Auditors professional skepticism AUDPSK is also observed to be positively correlated with Audit tenure as depicted by the correlation coefficient of 0.324. The correlation estimates also show that AUDPSK is also positively correlated with AUDFEE as depicted by the correlation coefficient of 0.289. Finally, EXP is also observed to correlate positively with AUDPSK as depicted by the correlation coefficient of 0.463. The inter-correlations between the explanatory variables are all moderate suggesting that threat of multicollinearity is unlikely amongst the variables. We proceed to conduct the regression analysis as correlation analysis is not best suited for estimating causality between variables.

Table 2: Regression Result

Dependent Variable: AUDPSK				
Method: Least Squares				
Convergence achieved after 7 iterations				
White Heteroskedasticity-Consistent Standard Errors & Covariance				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-16128	14438.75	-1.117	0.2689
AETHICS	4.438	5.026	2.883	0.0411*
AUDTEN	-1.806	0.578	-3.123	0.0029*
AUDFEE	-0.076	0.019	3.891	0.0003*
AEXP	16.539	1575.796	2.981	0.0308*
AR(3)	0.192	0.176	1.090	0.2804
R-squared	0.578	Mean dependent var		14453.88
Adjusted R-squared	0.539	S.D. dependent var		35057.55
S.E. of regression	23801.55	Akaike info criterion		23.08753
Sum squared resid	3.06E+10	Schwarz criterion		23.29696
Log likelihood	-686.626	F-statistic		14.79968
Durbin-Watson stat	1.808741	Prob(F-statistic)		0.000**

Source: Eviews output (2015)

#### Equation 4.1

$$\text{AUDPSK} = -16128 + 4.437957 \text{ AETHICS} - 1.80558 \text{ AUDTEN} - 0.075 \text{ AUDFEE} + 16.539 \text{ AEXP} + u$$

$$(-1.117) \quad (2.883) \quad (-3.123)^* \quad (3.891)^* \quad (2.981)$$

The table above shows the regression result conducted to examine the effects of the independent variables ( ) on capital structure. The regression is conducted using the White Heteroskedasticity-Consistent Standard Errors & Covariance to control for possible heteroscedasticity in the model.

As observed from the table above, coefficient of determination of the model also referred to as the  $R^2$  is 0.59 which shows that the model explains about 59% of the systematic changes in auditor professional skepticism while other factors not included and captured by the stochastic error term explains the remaining 41%. The Adjusted  $R^2$  which adjusts the degrees of freedom for inclusion of successive variables into the model is 54%. The F-stat value is used to test for the goodness of fit of the model and it serves as a test of the joint statistical significance of all the variables examined together and also tests the existence of a significant linear relationship between the dependent and independent variables. A significant F-test indicates that the model is able to explain what actually the practice in reality is and that the model can be relied upon to make possible forecasting and prediction about how the independent variables will affect the



dependent variables. The decision rule is to accept the F-stat as significant if the probability value is less than 0.05 otherwise it is rejected. From the table above, the F-state value of 14.799 and the associated p-value of 0.00 which is less than 0.05 and hence we accept the joint statistical significance of the model and that significant linear relationship exist between the dependent and independent variables. Also, the result indicates that we can be confident that the model will be able to explain the actual behaviour of capital structure of companies in Nigeria. The Durbin Watson statistics is used to test for the existence of first order serial correlation between successive units of the error term (see Gujarati 2003). As a rule of thumb, if the Durbin Watson statistics is close to 2, we reject the presence of first order serial correlations and hence the regression coefficients will not be biased. In the regression result in table 3, the Durbin Watson value is 1.8 which is approximately 2 and hence indicates that the presence of first order serial correlation is unlikely in the model. The evaluation of the slope coefficients of the explanatory variables reveals the existence of positive relationship (4.437957) between AETHICS and Auditor professional skepticism and also significant at 5% ( $p=0.041<0.05$ ). The result suggests that an increase in the ethical standards of auditors will have a positive effect on the level of auditor's professional skepticism. The finding is in tandem with Fuller & Kaplan, (2004) and 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 (Asare et al., 2000; 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. Hence we accept the hypothesis of a positive significant relationship between accounting ethics and auditor's professional skepticism.

The regression result also shows that AUDTEN has a negative effect on Auditor professional skepticism as indicated by the negative slope coefficient of -1.806 which is statistically significant at 5% as the probability value is less than 0.05 ( $p=0.0029<0.05$ ). The results suggest that increases in auditor tenure results in decrease in the auditor's professional skepticism. Hence we accept the hypothesis of a negative significant relationship between auditor tenure and auditor's professional skepticism. There are arguments that the longer the auditor conducts the audit, the less likely the show of strong skepticism about management prepared reports. This is because the auditing procedures performed may be less innovative (Syamsuddin and Abdul 2014). 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).

AUDFEE has a negative effect on Auditor professional skepticism as indicated by the negative slope coefficient of -0.076 which is statistically significant at 5% as the probability value is less than 0.05 ( $p=0.0003<0.05$ ). What the result indicates high audit fees could result in as decline in the Auditor professional skepticism. Hence we accept the hypothesis of a negative significant relationship between audit fee and auditor's professional skepticism. Many financial experts believe the greatest threat to the independence and professional skepticism is 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).

Finally, Auditor experience was found to exert a positive effect on Auditor professional skepticism as indicated by the slope coefficient of 16.539 and also significant 5% level as the probability value is greater than 0.05 ( $p=0.03080 > 0.05$ ). Hence we accept the hypothesis of a positive significant relationship between auditor experience and auditor's professional skepticism Experience like the formal and informal training improves the capabilities of auditors to judge professionally (Gunasti, 2010). Experienced auditors have comprehensive knowledge about the financial misstatements and deficiencies of accounting system of audited unit. Studies of Kalber and Fogarty (1995) and Sumardi and Hardiningsih (2002) showed that experience of auditors has positive effect on their other professional skepticism and improve their professional behavior.

## 5. CONCLUSION AND RECOMMENDATION

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. Basically, Professional skepticism generally requires that an auditor should not believe documents presented by client until it sees evidence that they are genuine. Auditor professional skepticism is crucial in those areas of the audit that involve significant management judgments or transactions outside the normal course of business. When auditors do not appropriately apply professional skepticism, they may not obtain sufficient evidence to support their opinions or may not identify or address situations in which the financial statements are materially misstated. 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. 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.

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QUESTIONNAIRE**Section A****INSTRUCTION:**

Please tick or mark (√) in the boxes provided or fill where appropriate.

Personal Data

1. Sex:            Male  Female
2. Age: 25 - 30 [  ] 30 – 35 [  ] 35 – above [  ]
3. Educational Qualification: WASCE [  ], OND / NCE [  ], B.SC / B.A [  ] M.SC / PHD [  ]  
others [  ].
4. For how long have you been working in your present job? 0-5yrs [  ], 5-10 yrs. [  ], 10yrs and above [  ]
5. Which of the professional qualifications have you obtained?  
ICAN [  ], ACCA [  ], ANAN [  ] None [  ]
6. How many Audit firms have you worked with before your present job?  
1 [  ], 2 [  ], 3 [  ] 4 [  ] 5 and above [  ]
7. Is your audit firm an industry specialized firm? Yes [  ], No [  ], undecided [  ]

**Section B:**

Please tick as appropriate

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. The length of time that an auditor has spent working with a client influences the level of auditor's questioning mind on the accounting processes of the client.					
2. Auditors that spend longer years auditing a particular company may likely be less skeptical of the accounting system of the company.					
3. if auditors auditing a particular firm are to be changed after some period of time, it will improve the analytical and questioning attitude of the auditor					

4. The effect of tenure on auditor professional skepticism is influenced by the type of the audit firm (big 4 vs non-big 4)					
5. The role that length of time spent with an audit client will have on the level of auditor's curiosity may depend on the personal characteristics of the auditor such as age, sex and experience level.					
6. The audit fee has a very strong effect on the level of the auditor's questioning mind					
7. 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.					
8. The level of inquisitiveness of the auditor may be biased in order to maintain relationship with a client that pays very high audit fess.					
9. The effect of audit fee on auditor professional skepticism is influenced by the type of the audit firm (big 4 vs non-big 4)					
10. 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					
11. Industry specialized auditors because of their experience may perform better and engage more analytical procedures leading to superior performance in misstatement detection.					
12. Specialization of an auditor with the auditing procedures of companies in a particular industry will cause the auditor to be more sensitive in detecting financial manipulations.					

13. Industry specialized auditors may be less professionally skeptical because of familiarity with the auditing procedures for companies in that industry.					
14. Non-industry specialized auditors may be more inquisitive because of their unfamiliarity with the auditing procedures of companies in that industry.					
15. In order to maintain relationship with clients in a particular industry, auditors may compromise on their level of curiosity.					
16. The experience of auditors is an effective factor that can influence the level of inquisitiveness by the auditor into the accounting records of clients.					
17. The level of experience improves the capabilities of auditors to judge professionally.					
18. Experienced auditors have comprehensive knowledge about the financial misstatements and deficiencies of the accounting system.					
19. The level of experience of the auditor may influence their level of impartiality and questioning attitude during the audit process.					
20. The experience level of auditor has an important role to play in their ability to detect signs of financial manipulations.					