

Title In English The Efficiency Of The Algerian Audit Standards In Increasing The Performance Of The Auditors
Field study on a sample of Auditors in Ouergla during 2023

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Abstract:

This study aims at investigating the efficiency of the Algerian audit standards in increasing the performance of the auditors through covering the conceptual frame of the Algerian audit standards AAS and of the auditors, and the contribution of AAS to the improvement of auditors performance.

To achieve the study goals, we used the descriptive method in the theoretical chapter through a general presentation of AAS and of the nature of the auditors in the Algerian law. Besides we used a questionnaire that was directly and indirectly administered to the auditors, accountants, and university teachers specialized in auditing to find out more about their views regarding the application of AAS and their responsiveness to them.

Findings show that the adoption of AAS during the audit shall have a positive effect on the improvement of the performance of the auditors, as it shall regulate their works

Keywords: audit, AAS, auditors, performance of the auditors.

JelClassificationCodes:M42,G32.

1. INTRODUCTION

The increasing role of audit in our time due to the increasing size and different natures of the companies brings about the need for credibility in the financial reports and information made by the administration. In this regard, we need auditors who commit to the legal and ethical rules of the job. Because of the importance of the audit standards in the credibility of the reports and the improvement of the auditors' work, mainly in the light of the economic transformations in Algeria and the shift towards the free market, it was necessary to make amendments on the work of accountancy and audit to cope with the international standards and the audit standards. In so doing, the Financial Accounting System appeared in 2007 all along with Law 10-01 and AAS in February 2017. However, the question that arises here revolves around the contribution of AAS to the quality of the auditors' reports.

First: the problematic of the study:

Based on what was said, we raise the following problematic:

To what extent do AAS contribute to the improvement of the auditors' performance?

1.2 From this question, sub-questions arise as follows

- Do the auditors in Algeria use AAS in their work?
- How did the Algerian legislator organize the job of the audit?
- What is the importance of applying AAS?

1.3 Second: the hypotheses of the study:

- The auditors in Algeria use AAS in their work.
- The Algerian legislator organized the job of the audit through issuing many laws.
- The importance of applying AAS lies within being the referential frame of the scientific and theoretical aspects when auditing.

1.4 Third: importance of the study:

This study tackles AAS and their 04 editions, and focuses on the evaluation and contribution of the standards to the improvement of the auditors' performance.

1.5 Fourth: aims of the study:

This study aims at covering the theoretical concepts of the auditor and AAS. In addition, it aims at:

- Knowing the 04 editions of AAS.
- Knowing the reality of the auditors' performance.
- Knowing the contribution of AAS to the improvement of the auditors' performance.

II. Literature review:

1. The study of Kellab Debbih Lyes (2021) "the horizons of the audit profession in the light of the modern editions: case study of auditing the accounts of an economic company in Algeria":

It aims at presenting a series of gradually introduced news on the audit in Algeria, starting with Law 10-01 and AAS. Then, it presents the scientific manual of the job to project it on the status-quo of the job in Algeria. Findings show that the audit in Algeria before the issuance of Law 10-01 was not regulated as internationally required. It focused also on the establishment of an administrative hierarchy headed by the National Council of Accountancy, under which we find the National Council of the Expert Accountants, the National Chamber of Auditors, and the National Organization of the Certified Accounts. Moreover, the study shed light on the issuance of AAS that are inspired from the International Audit Standards IAS to be a reference for the practitioners and provide a logical set of conditions that govern the job and help measure the

quality of the work. Besides, the study found out that it is possible to improve the work quality if the quality standards and assurance services are issued because of the many interests of the auditors in their customers and the audit of the financial lists of other customers. (Lyes, 2021)

2. The study of Cherrad Saber (2021), the contribution of ASS to the increase of the efficiency of the audit:

It aims at knowing and answering many issues on SAA, shedding light on the development of audit in Algeria, and knowing the views of the auditors and academics towards the role of AAS in increasing the efficiency of the audit. Findings showed that the auditors use AAS to cope with the status-quo. Besides, the issuance of AAS is necessary for the improvement of the audit in Algeria. Finally, there is no training on the application of AAS in the Algerian context. (Saber, 2021)

2. The theoretical frame of the study:

2.1 The nature of the auditor

There are various definitions; however, they share the same points that must be found in the auditor. We shall mention the main concepts of the auditor in Algeria. (Khadija, 2018)

- He is the person who reviews the accounts of the company to translate the real financial situation and give a neutral independent view in a report regarding the validity and credibility of the information. He must have specific characteristics and skills. Besides, he is responsible towards the company and other parties.
- Article 22 of Law 10-01 of 29/06/2010 on the jobs of the expert accountant, the auditor, and the certified accountant defines the auditor as any person who, ordinarily under his name and responsibility, exercises the profession of ratifying the validity and respect of the applicable law by the accounts of the companies. (Algeria O. g., 2010)
- Article 715 Bis. 04 of the Commercial Law defines the auditor as the person who investigates the records and financial statements of the company, and the validity of the information provided in the report of the administration council or the directors' council. Besides, he reviews the documents sent to the shareholders and the external parties about the financial situation of the company. Finally, he validates the legality and balance of the company inventory and accounts. (Algeria T. P., 2007)

2.2 The historical development of the audit in Algeria:

From 1969 to 1980:

The audit in Algeria started in 1969 by Order 69-107 of 31/12/1969 on the Financial Law of 1970. It pointed to the control on the economic public companies to ensure the right of the state in them. Then, Decree 70-173 of 16/11/1970 determined the duties and tasks of the auditor in the public and mixed companies. It provided that the auditors must be appointed from the general controllers of the finance, the financial controllers, and the qualified employees from the Ministry of Finance exceptionally.

From 1980 to 1988:

After the oil shock that decreased the oil prices, the flaws of the national economy came to surface. Therefore, serious thinking started about reviewing the management methods. Thus, the

economic public company turned into jointstock or Limited Liability Company. This led to reviewing the role of the control and promoting the role of the audit, mainly after the issuance of Law 80-05 of 01/03/1980 on the activity and nature of the controller from the Accountancy Council. This Law abolished Order 69-107 and Decree 70-173 and provided that the Accountancy Council controls the various accounts that include the accounting and financial calculations. (Salima, 2018)

Nevertheless, the abolition of these laws was not sufficient to amend the laws of the audit, until the issuance of Article 196 of the Financial Law of 1985 that provided for appointing auditors in the public companies, or where the state is a shareholder. However, there were no laws showing the methods of applying this Article due to the economic conditions of that era that required the financial and organic restructuring of the companies, the lack of the human resources and experts in the legal control (there were only 20 experts compared to 1600 companies), and the absence of the professional organization that made the audit neglected.

From 1988 to 1991:

Law 88/01 on the guiding law of the economic public companies and Law 88-04 on the special rules applied on the economic public companies separated the external audit of the accounts of the economic companies exercised by the auditors from the evaluation of the management methods exercised by the internal audit. Then, Law 90-32 on the Accountancy Council shed light on the new changes in the public companies. In this regard, the operations of the economic public companies were no more part of the Accountancy Council competence, as its task was the posterior control of the finance of the state, the local communities, the public facilities, and any organizations subject to the rules of the administrative law.

From 1990 to 2010:

Law 88-01 led to the issuance of Law 91-08 of 27/04/1991 that established the National Organization of the Expert Accountants, the Auditors, and the Certified Accountants that was assigned with auditing the companies and institutions that are not part of the Accountancy Council competency. Then, Law 95-20 amended Law 90-32 on the Accountancy Council. Besides, the Executive Decree 96-136 of 1996 showed the ethics of the expert accountant, the auditor, and the certified accountant, as they are independent jobs that require a constitution that regulates them. In 1999, a decree was issued showing the approval of the certificates and the conditions of joining the audit arena. Then in 2002 and 2006, the decree was amended and included other certificates. (Official gazette of the Republic of Algeria no° 20 of 01-05-1991, 1991)

The adoption of a new financial accounting system in Algeria instead of the National Accounting Scheme by Law 07-11 of 2007 gave a new shape to the practices of the accountancy. The system came into force in 2010 and coincided with the reforms of the audit and the accountancy. Then in 2010, Law 10-01 reorganized the job of the expert accountant, the auditor, and the certified accountant. It substituted the provisions of Law 91-08, save the conditions of joining the job. In 2011, there was a consideration of issuing local audit standards. Thus, after a study of 05 years on the responsiveness of the Algerian environment to ISA, the National Council of Accountancy issued 16 standards, known as AAS, to be a reference for the auditor during his job and make high quality reports that help the investors take decisions.

From 2010 to 2020:

During this period, the job was reorganized and the prerogatives of the National Organization of the Expert Accountants, the Auditors, and the Certified Accountants were delegated to the Ministry of Finance. It witnessed the issuance of Law 10-01 of 29/06/2010 on the jobs of the expert accountant, the auditor, and the certified accountant that determines the conditions of joining these jobs. (Belbia, 201)

Many executive decrees followed this law to regulate the audit and show the roles and prerogatives, mainly: (Rachid, 2017)

- A set of executive decrees on 27/01/2011 on the changes in the authority of audit in Algeria. These decrees showed the formation, organization, and rules of procedure of the National Council of Accountancy, the National Council of the Expert Accountants, the National Chamber of the Auditors, and the National Organization of the Expert Accountants. Besides, they showed the conditions of accreditation to practice accountancy.
- A set of executive decrees were issued on 16/02/2011 on the methods of determining the university certificates that allow enrollment in the Higher Specialized Institute of Accountancy, the conditions of organizing the final exam to get the degree of an expert accountant, and the solidarity task of the auditors.
- Other executive decrees were issued between May 2011 and April 2013. Some are on the criteria needed in the auditor, some others are about the professional internship and training mistakes and their sanctions, and some are on the organization of the exam of getting the degree of the expert accountant.

Other decrees were issued between June 2013 and October 2018 to determine the content of the reports of the auditors and the methods of their submission, and some introduced the AAS.

3. The practical chapter

3.1 Method of the study:

. Method of the study:

Due to the nature of the study, and to reach the aims and deduce results, we administered a questionnaire to the expert accounts, auditors, and certified accountants.

3.2 . Population and sample of the study:

First: population of the study:

It includes the expert accounts, auditors, and certified accountants.

3. 4 Second: Sample of the study:

The questionnaire targeted a regularly chosen sample of expert accounts, auditors, and certified accountants from the Eastern South of Algeria (Wilaya of Ouergla). We administered 35 questionnaires; 05 of them were electronic. Then, we recovered only 23 of them and excluded 03 because they were not analyzable due to the lack of answers. Table 01 shows the number of the analyzable questionnaires:

Table 01: The analysable questionnaires

Organization	Administered questionnaires	Recovered questionnaires	Analyzable questionnaires
Ouergla	30	23	20
E-questionnaire			05
Total			25

Source: by the authors

Third: Cronbach's Alpha coefficient: It aims at measuring the validity and consistency of the questionnaire. It is acceptable if it is more than 60% (0.6). Findings show a coefficient of 76.4%, which is acceptable and shows the consistency of the questionnaire.

Table 02: Cronbach's Alpha

Questions	Cronbach's Alpha
24	.764

Source: The outputs of SPSS

3. The measures of the statistical description:

3.1 The arithmetic mean of the study axes:

Table 03: The arithmetic mean, standard deviation, and frequencies of the item of the 1st axis:

Number	Item	Frequency and rate	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Weighted mean	Standard deviation	trend
1	Item 1	Frequency	1	3	12	3	1	3,28	0,98	Neutral
		Rate	4	12	48	24	12			
2	Item 2	Frequency	4	6	7	6	2	2,84	1,214	Neutral
		Rate	16	24	28	24	8			
3	Item 3	Frequency	1	3	5	13	3	3,56	1,003	Agree
		Rate	4	12	20	52	12			
4	Item 4	Frequency	6	5	2	9	3	2,92	1,441	Neutral
		Rate	24	20	8	36	12			
5	Item 5	Frequency	0	4	4	11	6	3,76	1,012	Agree
		Rate	0	16	16	44	24			
6	Item 6	Frequency	0	3	6	10	6	3,76	0,970	Agree
		Rate	0	12	24	40	24			
7	Item 7	Frequency	3	5	8	6	3	3,04	1,207	Agree
		Rate	12	20	32	24	12			
8	Item 8	Frequency	0	2	3	15	5	3,92	0,812	Neutral
		Rate	0	8	12	60	20			
Axis one: AAS								3.38	0.460	Neutral

Source: By the authors based on the outputs of SPSS

Table 04: The arithmetic mean, standard deviation, and frequencies of the item of the 2nd axis:

Number	Item	Frequency and rate	Strongly disagree	Disagree	Neutral	Agree	Strongly disagree	Weighted mean	Standard deviation	trend
1	Item 1	Frequency	0	1	6	12	6	3,92	0,812	Agree
		Rate	0	4	24	48	24			
2	Item 2	Frequency	1	2	4	11	7	3,84	1,068	Agree
		Rate	4	8	16	44	28			
3	Item 3	Frequency	2	2	4	12	5	3,64	1,150	Agree
		Rate	8	8	16	48	20			
4	Item 4	Frequency	7	7	5	4	2	2,48	1,295	Disagree
		Rate	28	28	20	16	8			
5	Item 5	Frequency	1	1	7	8	8	3,84	1,068	Agree
		Rate	4	4	28	32	32			
6	Item 6	Frequency	0	2	7	13	3	3,68	0,802	Agree
		Rate	0	8	28	52	12			
7	Item 7	Frequency	0	3	6	13	3	3,64	0,860	Agree
		Rate	0	12	24	52	12			
8	Item 8	Frequency	1	3	5	8	8	3,76	1,165	Agree
		Rate	4	12	20	32	32			
Axis two: the performance of the auditors								3.38	0.460	Neutral

Source: By the authors based on the outputs of SPSS

Table 05: The arithmetic mean, standard deviation, and frequencies of the item of the 3rd axis:

Number	Item	Frequency and rate	Strongly disagree	Disagree	Neutral	Agree	Strongly disagree	Weighted mean	Standard deviation	trend
1	Item 1	Frequency	1	4	9	8	3	3,32	1,030	Neutral
		Rate	4	16	36	32	12			
2	Item 2	Frequency	0	2	7	13	3	3,68	0,802	Agree
		Rate	0	8	28	52	12			
3	Item 3	Frequency	0	2	9	11	3	3,60	0,816	Agree
		Rate	0	8	36	44	12			
4	Item	Frequency	2	1	3	14	5	3,76	1,091	Disagr

	m4	cy								ee
		Rate	8	4	12	56	20			
5	Item 5	Frequency	0	3	2	11	9	4,04	0,978	Agree
		Rate	0	12	8	44	36			
6	Item 6	Frequency	0	3	2	11	9	4,04	0,978	Agree
		Rate	0	12	8	44	36			
7	Item 7	Frequency	3	3	1	14	4	3,52	1,262	Agree
		Rate	12	12	4	56	16			
8	Item 8	Frequency	2	2	2	10	9	3,88	1,236	Agree
		Rate	8	8	8	40	36			
Axis three:the importance of applying ASS and their contribution to improving the performance of the auditors								3.38	0.460	Neutral

Source: By the authors based on the outputs of SPSS

2.2 The taxonomy of correlation between the axes:

Table 06: the correlation between the axes:

Relation	Value of correlation coefficient	Significance level	Result
1 st and 2 nd axes	0,191	0,36	Insignificant
1 st and 3 rd axes	0,337	0,10	Insignificant
2 nd and 3 rd axes	0,461	0,02	Significant

Source: By the authors based on the outputs of SPSS

4. Analysis and discussion of the study:

4.1 Analysis of the arithmetic means and standard deviations:

Analysis of the results of axis 01:

The axis includes 08 items that got neutral and agreement answers. In this regard, items 1, 2, 4, and 7 got neutral trends while 3, 5, 6, and 8 got an agreement trend. This shows the variance in the views of the informants regarding this axis. Besides, the maximum value of the arithmetic mean is 3.92 and confirms the total absence of the strong agreement. In addition, the minimum value of the standard deviation is 0.81 in item 28. It shows the disharmony of the answers to this item, as we find 80% of agreement and strong agreement and no disagreement. On the other hand, the maximum value is 1.44 in item 4; it shows the dispersion of the answers to this item that states, “There is no need for local standards while there are international ones”. In general, this dimension got a neutral trend with an arithmetic mean of 3.38 and a standard deviation of 0.460.

Analysis of the results of axis 02:

It includes 08 items that got a trend of agreement, except item 04 that states, “The auditors must not commit to secrecy when exercising their tasks”, which was disagreed on. Besides, there is a big convergence in the value of the arithmetic mean, which exceeded 3.60 in most of the items. This confirms the agreement trend of the items. As for the standard deviation, the minimum value was 0.802 in item 06. This confirms the harmony of the answers of the informants, which lean to agreement with 52% and to neutrality with 28% of the total. Moreover, 00 strong disagreement was witnessed. The maximum value was 1.29 in item 04; what indicates the dispersion of the answers of the informants towards the item “the auditors must not commit to

secrecy when exercising their tasks”. Generally, this dimension witnessed a neutral general trend with an arithmetic mean of 3.60 and a standard deviation of 0.469.

Analysis of the results of axis 02:

It includes 08 items that got a trend of agreement, except item 01 that states, “AAS were issued to complement the Law 10-01 and bridge its gaps”, which witnessed neutral answers. Besides, there is a correspondence in the values of the arithmetic mean and the values of the answers in items 05 and 06. Their arithmetic mean is 4.04 and is the maximal compared to the rest of the items. As for the standard deviation, its minimum value was 0.816 in item 03. It confirms the harmony of the answers of the informants. It leans to agreement with a rate of 44%, and to neutrality with 36%; it got 00 strong disagreement. The minimum level is 1.26 in item 07; which indicates the dispersion of the answers around this item that states that, “the reliance on the AAS 620 contributes to the improvement of the reports quality regarding the optimal exploitation of the expert works”. In general, the trend leans to the agreement with an arithmetic mean of 3.73 and a standard deviation of 0.719.

4.2 Analysis of the taxonomy of correlation between the axes:

The correlation between the three axes shows that:

- The correlation between the axis of AAS and the axis of the auditors’ performance is 0.19. It shows the direct weak relation between them. The significance level is 0.36 and is less than the significance level 0.05. This confirms the absence of a correlation between the two axes.
- The correlation between the axis of AAS and the axis of the importance of applying ASS and their contribution to improving the performance of the auditors is 0.33. It shows the direct weak relation between them. The significance level is 0.10 and is less than the significance level 0.05. This confirms the absence of a correlation between the two axes.
- The correlation between the axis of the auditors’ performance and the axis of the importance of applying ASS and their contribution to improving the performance of the auditors is 0.46. It shows the direct weak relation between them. The significance level is 0.02 and is less than the significance level 0.05. This confirms the absence of a correlation between the two axes.

4. CONCLUSION

We tried to show the contribution of ASS to the improvement of the auditors’ performance using a questionnaire administered to a random sample that includes expert accounts, auditors, and certified accountants. The questionnaire was designed to reveal the application of AAS by the auditors in their job. Findings show that AAS contribute to the flexibility, transparency, and accountancy in the audit and statements making. Besides, the auditors apply AAS exactly according to the law to get the quality reports and outputs, and increase the credibility of the financial statements.

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Use the « APA Reference System », see the link :

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10. .

6. Appendices

Axes of the questionnaire:

Axis one: AAS:

Number	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
01	Algeria sought coping with the international developments through issuing audit standards inspired from ISA					
02	ISA are not fully adopted by the authorities in Algeria					
03	There are no meetings and seminars that promote and execute AAS issued by the competent authorities					
04	There is no need for local standards while there are international ones					
05	The issuance of AAS helps qualify the Algerian auditors to work internationally.					
06	Coping with the international developments through issuing local standards inspired from the international helps adhere to the world of stockmarkets					
07	There is big correspondence between the local and IAS in making the reports					
08	AAS makes the work of the auditor more					

reliable					
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Axis two: the auditors' performance

Number	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
01	The freedom of the auditor in determining his fees affects the quality of the services					
02	The auditor's mandate is limited to 03 years, renewable for once					
03	The auditor makes sure to identify the expected sources of the misstatements (inherent risks, control risks, detection risks)					
04	The auditors must not commit to secrecy when exercising their tasks					
05	There is a low culture of experience exchange among the auditors					
06	The auditor in Algeria is scientifically and practically qualified					
07	The auditor relies on the analytical measures to collect the maximum evidences					
08	The credibility of the information decreases when the auditor leans to one of the parties					

Axis three: the importance of applying ASS and their contribution to improving the performance of the auditors

Number	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
01	AAS were issued to complement Law 10-01 and bridge its gaps					
02	AAS are the suitable solution to upgrade the audit practices in Algeria					
03	The reports based on AAS are more acceptable and meet the needs of the relevant parties					
04	The commitment to AAS issued by the competent authorities improves the audit quality through the gap between the expectations of the customers' and the outputs of the audit, and increases the chances of detecting the misstatements					

05	AAS 230 improves the quality of the report through the methodology of dealing with the audit documents according to the legal measures					
06	AAS 560 improves the quality of the report through determining the commitments of the auditors towards the events that follow closing the accounts					
07	The reliance on the AAS 620 contributes to the improvement of the reports quality regarding the optimal exploitation of the expert works					
08	AAS 700 improves the quality of the report to show all the evidences					