

Iffet Kesimli

# External Auditing and Quality

 Springer

# Contents

<b>1 External Audit from Quality Perspective</b> . . . . .	1
1.1 Audit Types and Importance of It . . . . .	1
1.1.1 Definition of Auditing and Properties/ Characteristics of It . . . . .	2
1.1.2 Types of Audit . . . . .	3
1.2 Developments in External Auditing . . . . .	9
1.2.1 The Evolution of Auditing and the Importance of Quality Audits . . . . .	10
1.2.2 The Interaction Between Financial Reporting and Audit Quality . . . . .	12
1.2.3 The Relation Between Audit and Fraud . . . . .	20
1.2.4 Twentieth Century Notable Accounting Scandals and the Thirst for High-Quality Audits . . . . .	23
1.2.5 Responsibilities of Auditing Firms in Frauds . . . . .	31
1.2.6 A Milestone in Audit History: Sarbanes–Oxley Act and Quality . . . . .	35
<b>2 External Audit in USA, European Union, and Turkey</b> . . . . .	39
2.1 Auditing Firms in USA and European Union . . . . .	40
2.1.1 External Auditing Firms in USA . . . . .	40
2.1.2 External Auditing Firms in European Union Countries . . . . .	46
2.2 Auditing Firms in Turkey . . . . .	56
2.2.1 The Profile of Auditing Firms in Turkey . . . . .	57
2.2.2 License Agreements of Auditing Firms Performing in Turkey and Their Activities Before PCAOB . . . . .	70
2.3 External Audit Regulations in Turkey . . . . .	74
2.3.1 Capital Markets Board of Turkey and External Audit . . . . .	75
2.3.2 External Audit and Turkish Code of Commerce, Law No. 6102 . . . . .	79
2.3.3 Public Oversight—Accounting and Auditing Standards Authority . . . . .	80

<b>3 External Audit from Process and Quality Perspective</b> . . . . .	101
3.1 The Impact of Audit Process on Audit Quality . . . . .	101
3.1.1 The Impact of the Audit Strategy on the Quality of Audit . . . . .	102
3.1.2 Planning Audits and the Impacts of Planning upon Audit Quality . . . . .	103
3.1.3 Acceptance and Continuance of External Audit Service . . .	107
3.1.4 Audit Report and Its Impacts on Audit Quality . . . . .	125
3.2 Basic Determinants of Audit Quality . . . . .	126
3.2.1 The Factors Impacting the Audit Quality: Independence, Transparency, and Other Factors. . . . .	129
3.2.2 Auditors' Influence on Audit Quality . . . . .	150
3.2.3 The Influence of Audit Firms on Audit Quality . . . . .	152
3.2.4 The Influences of the Audit Client to Audit Quality . . . . .	158
3.2.5 The Influence of Regulating Authorities on Audit Quality . . . . .	160
<b>4 Survey on Assessment of External Audit Quality in Turkey</b> . . . . .	181
4.1 Constraints . . . . .	181
4.2 Methodology . . . . .	182
4.2.1 Populations and Samples . . . . .	182
4.2.2 Collection of Data . . . . .	183
4.2.3 The Analysis and Interpretation of Findings . . . . .	184
<b>Summary and Discussion</b> . . . . .	207
<b>Suggestions</b> . . . . .	211
<b>Appendix A: Auditing Firms Performing in Turkey (2014)</b> . . . . .	225
<b>Appendix B: Sarbanes–Oxley Act Frame Plan</b> . . . . .	239
<b>Appendix C: Independent Audit By-Law</b> . . . . .	247
<b>Appendix D: International Standard on Quality Control 1</b> . . . . .	275
<b>Curriculum Vitae</b> . . . . .	305
<b>References</b> . . . . .	307
<b>Index</b> . . . . .	323