



Middle East & North Africa Regional Conference 2025

Collaborate to Create:
The Power of Strategic Alliances



Audit Quality

Presented By: Mohamed Zahran

16 – 18 February 2025

Overview and Contents

- What is audit quality?
- Why audit quality is important?
- Professional skepticism
- Initiatives to improve audit quality
- Firm action plan

What is audit quality?

Audit quality refers to matters that contribute to the likelihood that the auditor will:

achieve the fundamental objective of obtaining reasonable assurance that the financial report as a whole is free of material misstatement, and ensure material deficiencies detected are addressed or communicated through the audit report

This includes appropriately challenging judgement and key accounting estimates and treatments that can materially affect the reported financial position and results

Why audit quality is important?

- Maintain public confidence in the independent assurance
- Protect firm reputation
- Provide value addition to the entity's various stakeholders
- Ensure compliance with applicable financial reporting standard and applicable regulation

Professional skepticism

Exercising professional skepticism is a critical part of conducting quality audits. The auditor must critically assess, with a questioning mind, the validity of the audit evidence obtained and management's judgements on accounting estimates and treatments Auditors should:

- Not be over-reliant on, or readily accept, the explanations and representations of the management
- Need to seek out corroborative audit evidence by appropriately challenging them

Initiatives to improve audit quality

Auditors should deliver professional, high-quality audits through:

- Firm internal culture focused on quality audits and professional skepticism
- Allocating appropriate resources, experience and expertise to carryout the audits
- Effective internal supervision and review
- Robust accountability mechanisms
- Conducting effective quality reviews

Initiatives to improve audit quality

- Identifying and addressing audit risks and issues on a timely basis
- Identifying root causes of findings
- Remediating findings by obtaining the audit evidence necessary to form an opinion on the financial report
- Developing and implementing action plans to address those findings, and monitoring and revising these action plans where necessary
- Reviewing the staff structure to ensure they are appropriately resourced to address complex audit issues

Firm action plan

Better auditors focus on maintaining audit quality and appropriately balance this imperative with risks and commercial pressures

They recognize that quality is essential to the acceptance of a firm's audit services and its reputation in the market

The initiatives in action plans should vary from firm to firm, taking into account the circumstances of each firm and its assessment of the underlying causes of any deficiencies in audit quality

Effective action plan consist, specific documented actions, responsibilities and timelines

Firm action plan

Firms should consider implementing or continuing action plans with particular focus on:

- The culture of the firm, including strong messages from the firm's leadership about the importance of audit quality, setting expectations and leading by example
- The traditional pyramid structure may need to change (Small number of experienced partners and a relatively large number of junior staff)
- Reviewing the staff structure over time, to ensure the firm has access to resources with appropriate experience and expertise
- Ensuring suitable levels of staff retention by audit firms

Firm action plan

- Greater partner involvement in the planning and execution phase
- Increasing partner time spent on engagements
- Increased and better use of experts
- Monitoring the progress of the audit against key engagement specific milestones, and addressing issues early to minimise deadline pressures at the conclusion of the audit
- Brief the importance of having quality of financial reporting and supporting the audit process to entity managements

Firm action plan

- Critically review and evaluate the action plans regularly and update the plans timely manner
- Firms, institutions and accounting bodies needs to work together to ensure the necessary supply of auditors and other experts by attracting people to the profession and upskilling them

Thank You
Any Questions ?