

AUDIT EVIDENCES RELATION TO EFFICIENCY AND EFFECTIVENESS IN MIDDLE EASTERN COUNTRIES

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ABSTRACT

This research examines the relation between evidence characteristics and quality of audit. We employ a multimethod approach that is broken down into two tools; Questionnaires and interviews with 103 external auditors working in Jordan, Saudi Arabia and the United Arab Emirates. The main finding of the study revealed that there is a significant relationship between sufficiency and audit quality. Interestingly, the results show that while reliability and relevance are associated with audit effectiveness, there is no significant association with audit efficiency. The study contributes to our knowledge, since it increases awareness of the evidence characteristics and their impact on the audit quality.

Keywords: Audit evidence, efficiency, effectiveness, sufficiency, reliability, and relevance.

INTRODUCTION

Previous research suggests that the audit quality become more recognised at the auditor's level than at the audit firm level (DeFond & Francis, 2005; Church et al., 2008; Gul et al., 2012). In this regard, Arens et al. (2014) have stated that it is essential for the auditor to consider the influence on audit quality when collecting this evidence; because that will help auditors to be convinced that the given opinion is most likely fair and represents the reality. The size of the audit firm was proposed as an indicator of the audit quality (DeAngelo, 1981). However, in this research, we are going to let the auditors determine the quality level according to their evidence characteristics. The choice of this evidence relies on the professional judgment taken by the auditor, and this varies from one auditor to another. Prior studies have argued that combining all of the evidence is favoured in order to assure that this evidence is reliable and relevant to the audit quality (Gul et al., 2013; Whittington and Pany, 2015). According to Arens et al. (2014), there are different types of evidence: physical examination, confirmation, documentation, analytical procedures, inquires of the client, recalculations, re-performance, and observations. Prior studies suggest that there are two determinants of the persuasiveness of evidence: appropriateness and sufficiency. The International Standards on Auditing (ISA) explain that the appropriateness of evidence plays a major role in providing the stated financial statements and this verifies the quality of evidence. Moreover, the appropriateness of evidence can be improved in two ways when selecting audit procedures, and these make evidence more relevant and reliable (IFAC, 2010). Relevance is the extent of the relationship to the audit objective, while the reliability of the evidence is the degree of trust in the evidence (Arens et al., 2014). The other determinant for the persuasiveness of evidence is the sufficiency; which determines the quantity of the evidence, represented by the sample size. The aim of this research is to test the relations between the three characteristics of audit evidence (namely, sufficiency, reliability and relevance) and audit quality. Specifically, it aims to investigate the relation between the three audit evidence characteristics and the effectiveness and efficiency of the audit works by enhancing the evidence qualities from the viewpoint of the auditors. This relation will be examined The viewpoint of those who work in auditing field.

This research is important as it should direct the auditors in the Middle East countries to give more attention to the characteristics of the audit evidence. It is expected to add value to the auditors and users of financial information in Middle East countries. Moreover, the need for an auditing market has become globally integrated into the whole market, which makes it more important for investors. This research is expected to enhance auditors' knowledge of the linkage between audit evidence characteristics and audit quality. It is also expected that this research will fill the gap in the audit literature in the Middle East, since the auditing profession in the Middle East has developed over the years. Moreover, a number of laws and legislations is influencing the audit environment in Middle East, so the understanding of these laws and their implementation will play a role in enhancing auditors' backgrounds. The results of this research provide information to auditors and practitioners in the auditing field and sheds light about the features of the audit evidence that are expected to improve the audit quality.

The paper is structured as follows: Section 2 provides an overview of the Middle East auditing framework. Section 3 discusses the literature review and the theoretical framework. Section 4 illustrates the methodology of the study. The results are discussed in Section 5, and, finally, Section 6 concludes the paper.

The Middle East auditing framework:

The Middle Eastern regulators issued auditing laws in the 1960s. For example, the Jordanian government issued Law no. 10 for audit practices in 1960. This law enforces public accountants to apply for an auditing license in case they want to audit the accounts of a public company. In 1985, Law no.42 allowed the establishment of the Jordan Association for Certified Public Accountants (JACPA), which was established in 1987 as an independent managerial and financial body. JACPA plays an important role in organizing and developing the profession in the country. Currently, the Jordanian auditors sit for professional examinations issued by JACPA in order to practise the auditing profession within Jordan. In 2003, the audit profession in Jordan experienced remarkable change following the appearance of Law no. 73, i.e., the Interim Law of the Jordanian Association of Certified Public Accountants (JACPA). This step has had a great impact on the audit profession, as a new generation of JACPA examinations made it mandatory to sit for the exam and obtain certification in order to practise auditing. In summary, Jordan has developed its accounting and auditing regulations since 1961; this long time span makes Jordan an appropriate business setting for researching the relationship between evidence characteristics and audit quality. Further, Jordan is an open economy that attracts investors with experience of international exports to many countries in different business areas; thus, the issue of auditing quality should be an interesting one to examine from the perspective of Jordanian auditors.

The auditing profession in Saudi Arabia experienced remarkable development late in the last century. For example, in 1974, the Kingdom established a higher committee for certified public accounting and started issuing CPA Regulations, which was the first foundation stone that was laid to organize the profession in the Kingdom. A few years later, King Saud University started development procedures for the accounting profession. These procedures were conducted in order to reach suitable recommendations regarding the profession for resolving any obstacles that might hinder the development of the accounting and auditing profession. In 1981, the University established the Saudi Accounting Association, where the purposes are to develop the profession, to enhance awareness regarding accounting thought and to exchange the experiences of academics and the professions.

As in Saudi Arabia, great development has occurred in the UAE in the last 40 years. In 1972, Federal Law (1) was enacted to organize the profession, and other laws followed this until 2015. In the same context, in 2003, the Abu Dhabi Security Exchange required all listed companies to issue IFRS financial statements. The same procedures are also applied in all of the companies operating in the Dubai Financial Market and NASDAQ Dubai; they must publish their financial statements following IFRS. The Accountants & Auditors Association (AAA) in the UAE was established in 1997. It is the national accountancy body in the Emirates,

not seeking for profit, and was established through a federal mandate. AAA's objective is to keep to the best global practices and standards when building the capacity of the national accountancy and audit profession. The objectives of AAA are to suggest standards, regulations, and to deploy the highest standards of ethical and professional conduct among its members.

This is an overview of the three countries, explaining some of the key dates and the history of the accounting and auditing profession. It is clear that the three countries have experienced remarkable developments in the profession in the last decades. This is one of the reasons we think that there is value in studying these countries. In addition, there is a lack of research on these countries relating to audit evidence and the quality of audit work. Saudi Arabia was chosen mainly because it is the biggest country in the Middle East and is thus where the profession should represent the remainder of the Middle Eastern profession. Jordan has the best educational system in the region, and according to previous studies Jordan leads the profession in Middle East and North Africa (Hindi, 2008; World Bank Report, 2008; Mah'd et al., 2011). The UAE might be considered the capital of the Middle East, and we can see a high rate of diversity and development there. Research combining these three countries is very rare, while the three countries represent the highest demographical area, the best educational hub and the highest rate of development and diversity in the region. This motivates us to research these three countries and explore the auditing profession in this unique environment.

LITERATURE REVIEW

Audit quality measures and indicators have been widely examined in the literature, however there is no indicators gained general acceptance in the audit literature. Most of the audit quality literature is derived from the work of DeAngelo (1981). DeAngelo defines audit quality and raises two issues; the discovery of material misstatement in the internal control system or in the financial statements, and reporting this misstatement to users. Audit quality was perhaps one of the most researched topics in auditing (DeAngelo, 1981; Krishnan and Schauer, 2000; Ajmi, 2009; Choi et al., 2010; Lawrence et al., 2011). Several studies relate audit quality to the size of the audit firm (DeAngelo, 1981; Krishnan and Schauer, 2000; Ajmi, 2009; Lawrence et al., 2011), to the tenure of the auditor (Ghosh and Mood, 2005), to the diversity of the clients in the same industry (Wooten, 2003), and to the audit fees (Simon and Francis, 1988; Choi et al., 2010)

Obaidat (2007) conducted his study to measure the degree of the audit offices' compliance with International Standards on Auditing (ISA). He concluded that Jordanian audit firms are following the ISA. The ISA assures that different types of audit evidence are useful for auditors. The auditor needs to be convinced that his/her opinion is fair, and he/she is confident about his/her evidence. He is therefore using appropriate and sufficient evidence to achieve this objective. Moreover, the ISA indicates that the main objective of an auditor is to carry out audit procedures in a way that makes an auditor able to gain sufficient and appropriate audit evidence. Arens *et al.* (2014) have argued that auditors should keep in mind evidence characteristics: sufficiency, relevance and reliability, when involved in an audit.

There is thus an increasing volume of research in the auditing field that investigates factors affecting audit quality (Cameran et al 2017; Gul et al., 2013; Gaynor et al., 2016), but prior studies that have been done on the relation between the quality of evidence gathered by the auditor and his performance, are scarce. According to the IFAC (2010), it was suggested by Auditing Standards that it is required that auditors collect evidence as support for their opinions. In other words, it is essentially important for auditors, while building their opinion, to rely on persuasive evidence. In addition, other researchers (Abou-Seada and Abdel-Kader 2003; Zakari and Ahmad, 2014) added that the bases for any audit work are to collect and evaluate sufficient and to appropriate evidence. Auditors should begin the process by collecting evidence, and then move to the stage of evaluation for the collected data. While other research have suggested that auditors should evaluate and assess risk and then collecting evidence (Gul et al., 2013).

Arens *et al.* (2014) explained that evidence must pursue the auditor as used to build his opinion. Persuasiveness requires the sufficiency and appropriateness of evidence. To obtain appropriate evidence, it must be reliable and relevant. Gronewold (2006) and Teck-Heang and Ali (2008) respectively believed that the persuasiveness of evidence relies on the source itself. In 1999, Goodwin expressed the notion behind reliability of the source, that the source is considered reliable when the auditor knows it is. That means that if the auditor himself experiences the evidence, then they would be the most reliable evidence. Goodwin (Ibid.) added that independent sources are considered more credible than non-independent ones; for more explanation, the ISA stated that, even if the source is independent but they do not know it, it would be considered less reliable. Moreover, as a measurement of the persuasiveness of evidence, it is important to consider the source's competence and objectivity (Payne 2004; Payne *et al.* 2008), but it is not always possible to find the validity of each piece of information (Rose and Rose, 2003). As is known, there are external and internal parties who provide us with evidence, some researchers, such as Janvrin (2001) have agreed with Goodwin (1999) that when auditors are taking into consideration the persuasiveness of evidence they should consider external evidence as being more reliable than evidence from inside the company. Aldhuniabt (2014) also assured that evidence that comes from within the company but that is generated outside it much more reliable than that from inside that generated internally. However, some researchers have argued that it is much more difficult to collect evidence from external, rather than internal, parties, due to the cost of evidence from outside (Zakari and Ahmad, 2014). Others consider the effectiveness of the internal control to play an essential role in enhancing the reliability of the evidence. (Agoglia *et al.* 2009). Zakari (2014) have supported this argument and emphasize the role of audit evidence's sources and the effectiveness of internal control in the Libyan auditor environment. Zakari (2014) assured the reader that the source of evidence and the internal control procedures enhance the quality and reliability of a report.

On the other hand, the current study considers the audit quality as the dependent variable; it is measured by the efficiency and effectiveness of the auditor's work. Al-Khaddash *et al.* (2013) focused on describing the most important factors that had an impact on the quality of audit in Jordanian Commercial Banks. The study resulted in their finding a significant and positive correlation between audit quality and each of the following: the auditor's proficiency, the reputation of the auditing agency, audit efficiency, and the size of the audit firm, auditing fees. In the same context, (Enofe *et al.*, 2013) analyzed the factors of audit quality within a Nigerian business environment. They examined audit quality and each of the following factors: audit tenure, board independence, audit firm size, and ownership structure. They found that there is a positive relation between audit quality and these factors: the audit firm's size, the ownership structure, and board independence, while only a significant, but not positive, relationship was found between audit quality and board independence. However, audit tenure had a negative, but not significant, relationship to audit quality.

According to Arens *et al.* (2014), sufficiency is measured by determining the selected sample size. Moreover, it should be affected by the auditor's expectation of misstatements and the effectiveness of the client's internal control.

Aldhunaibat (2014) mentioned that, according to ISA 500, the relevance of the evidence should be connected, in one way or another, by the audit objective. In addition, Arens *et al.* (2014) stated that relevance can be taken into consideration only for a specific audit objective, because it is possible for evidence to be relevant for one objective but not for another. The evidence is therefore considered relevant when it is attached to the audit objective.

There are several techniques for collecting and gathering audit evidence, as applied by ISA 500, such as inspection, observation, enquiry and confirmation, recalculation and analytical procedures. While, according to Arens *et al.* (2014), audit evidence is counted as being eight types of evidence. However, Arens *et al.* (Ibid.) added re-performance and documentation & inspection to the evidence. This has been supported by (Aldhunaibat , 2014; Whittington and Pany , 2015).

One important topic that should be taken into consideration is the effectiveness and efficiency of auditing. Further information about effectiveness was mentioned in the report that was published in 2013 under the

title “Assessing the Effectiveness of the External Audit Process” (Khelil et al., 2016). An audit process is considered effective when it leads to a correct audit opinion that is supported with appropriate audit evidence that plays a great role in helping shareholders and others with a professional statement.

Arens *et al.* (2014) explains that audit procedure can be efficient when it plays a major role in reducing the cost, without reducing its effectiveness. To elaborate, Whittington and Pany (2015) believed that when efficiency and effectiveness work together they enhance productivity. Theoretically, auditors should be focusing on both efficiency and effectiveness while, in reality, auditors are likely to focus on effectiveness rather than efficiency. However, Whittington and Pany believed that auditors should strike a balance between efficiency and effectiveness. It is therefore important to consider the efficiency of the evidence and its effectiveness at the same time, and to carry out a trade-off between them.

The current study has adopted a different approach with which to investigate the phenomena that are being addressed. Specifically, it has examined the relationship between three evidence characteristics (namely, sufficiency, reliability and relevance) that were discussed in details and the quality of auditing that is measured by efficiency and effectiveness. However, Zakari’s (year) study found that there is a relationship between the roles of evidence in enhancing the quality of a report. Al-khadash *et al.* (2013) examined the relation between audit quality and factors affecting it. Interestingly, there is a scarcity of studies conducted in Middle Eastern countries in relation to audit evidence, so this study is intended to enhance the literature on this field.

The current study is not attempting to establish the factors affecting the audit report, but it looks into evidence characteristics (Sufficiency, Reliability, and Relevance). The quality of the audit was investigated as a dependent variable. Auditors in the audit firms in Jordan Saudi Arabia and the UAE were studied so as to assess the strength of the relationships between these characteristics and the quality of the auditing process (Effectiveness and Efficiency). In addition, it will enhance auditors’ knowledge and awareness of the characteristics and their implementation in order to improve audit quality. This kind of awareness aids the decision makers in developing a better vision so as to take more relevant and reliable decisions.

Theoretical Framework

In September 2010, the IASB released its “Conceptual Framework for Financial Reporting (The IFRS Framework)” (IASB, 2010). It states clearly in this framework that the general aim of financial reporting is to provide useful information for “present and potential investors, lenders and other creditors” (IASB, 2010, para OB2). This framework thus identified four key qualities of financial information: relevance, faithful representation, understandability and reliability. The current paper adopts relevance and reliability as the main research model for the usefulness of the auditing evidence characteristics. Based on these qualities, above, and the features of the financial information, this study investigates the relations between the evidence characteristics and audit quality.

RESEARCH METHODOLOGY

Sample

The objective of the current study is to assess the relations between the three characteristics of audit evidences (namely, sufficiency, reliability and relevance) and audit quality. The population of the study is the auditors who work in registered audit offices in Jordan, Saudi Arabia, and the United Arab Emirates (UAE). 191 questionnaires were therefore distributed to a randomly selected sample of audit offices that are located in Amman, Riyadh, Abu Dhabi and Dubai. 103 were returned, giving a response rate of 54%.

Research Instruments

A multimethod approach is adopted in this research. The tools used are the questionnaire and the interview instruments. The aim of the questionnaire survey is to examine the relations between the study variables, while the interviews were organized to seek new insights from the respondents and to emphasize the perceptions of those auditors.

The structure of the survey questionnaire was inspired through the literature review and the IASB's conceptual framework of 2010 (see figure 1 for details about the model of the study). This questionnaire is divided into three major sections: Demographic questions (9 questions about the respondents and their firms), 27 closed-ended research questions, using 5 Likert scale. 109 questionnaires were received from the respondents, of which 6 were not valid. However, this research was initially started in Jordan and it was extended to cover Saudi Arabia and the Emirates. The distribution of the respondents was as follows: Jordan, 53 respondents (52%); Saudi Arabia, 31 respondents (30%); and UAE, 19 (18%). This process was carried out in two stages: the first at the end of 2015, and then the second in the spring and summer of 2016.

Open-ended questions were adopted in the interviews to allow an understanding of the nature of the relations between the evidence features and the quality of the audit. The interviews allowed us to gain more in-depth information from the respondents about their views and perceptions regarding these relations. 22 interviews were conducted with audit managers and partners with experience of over 5 years in auditing firms. The interviews were conducted in the summer of 2016. The interview lasted, on average, about 45 minutes,

Prior research studied factors affecting audit quality such as the auditor's proficiency, the reputation of the auditing agency, audit efficiency, the audit firm's size, the ownership structure, board independence, and auditing fees (DeAngelo, 1981; Ajmi, 2009; Choi et al., 2010; Lawrence et al., 2011; Al-Khaddash *et al.*, 2013; Enofe *et al.*, 2013). On the other hand, the current research hypothesizes the qualities of audit evidences and their relation to the audit quality. It considers the audit quality as the dependent variable.

The study has one main hypothesis that was developed into three sub-hypotheses to test the relationships between audit evidence characteristics and audit quality:

H0: That there is no relationship between audit evidence characteristics and audit quality.

This was examined by developing these three hypotheses:

H01: That there is no relationship between evidence sufficiency and audit quality.

H02: That there is no relationship between evidence reliability and audit quality.

H03: That there is no relationship between evidence relevancy and audit quality.

This research took place in Arab countries, although the research was carried out in English, but the questionnaire was created in the respondent's mother tongue, which is Arabic. After reviewing the literature and reviewing theories that are appropriate for setting the questionnaire and the interview guide, statements were therefore translated into Arabic. Moreover, this was followed by writing the entire questionnaire in Arabic, and it was then made ready for validation. Indeed, the questionnaire was revised by five professors from the accounting department in one of the Jordanian universities. Mainly, they helped in checking the language and its appropriateness for the respondents. The 27 instruments used in the questionnaire were chosen based on the previous audit literature (Ghosh & Moon, 2005; Goodwin, 1999 and Arens et al., 2014). Moreover, there was an agreement to add a question about how audit fees may influence and effect auditing quality. Some other statements were also modified according to their professional judgments. In this study, we used primary data sources; where primary sources were the collected data from questionnaires and these were then analyzed by using SPSS 21 software for the purpose of explaining the above relations.

The Results

Demographic Analysis:

As a part of the study, demographic information was taken into consideration and is summarized in the following tables.

Table 1: Descriptive Analysis:

General Experience	Frequency	Percent	Valid Percent	Cumulative Percent
0-5 years	55	52.9	52.9	52.9
6-10 years	24	23.5	23.5	76.5
11-15 years	6	5.9	5.9	82.4
More than 15 years	18	17.6	17.6	100.0
Total	103	100.0	100.0	
Age				
20-30 years	55	52.9	52.9	52.9
31-40 years	40	39.2	39.2	92.2
41-50 years	6	5.9	5.9	98.0
More than 50 years	2	2.0	2.0	100.0
Total	103	100.0	100.0	
Audit Experience				
0-5 years	67	64.7	64.7	64.7
6-10 years	28	27.5	27.5	92.2
11-15 years	8	7.8	7.8	100.0
Total	103	100.0	100.0	
Academic Level	Frequency	Percent	Valid Percent	Cumulative Percent
Diploma	12	11.8	11.8	11.8
Bachelor	89	86.3	86.3	98.0
Doctorate	2	2.0	2.0	100.0
Total	103	100.0	100.0	
Certification	Frequency	Percent	Valid Percent	Cumulative Percent
JCPA	12	11.8	11.8	11.8
CPA	2	2.0	2.0	13.7
ACCA	2	2.0	2.0	15.7
CIA	2	2.0	2.0	17.6
ACPA	4	3.9	3.9	21.6
No P.Cer	81	78.4	78.4	100.0
Total	103	100.0	100.0	
Working Level	Frequency	Percent	Valid Percent	Cumulative Percent
Partner	12	11.8	11.8	11.8
Audit Director	2	2.0	2.0	13.7
Senior Auditor	51	49.0	49.0	62.7
Secondary Auditor	36	35.3	35.3	98.0
Trainee	2	2.0	2.0	100.0
Total	103	100.0	100.0	

Note: This table illustrated the descriptive analysis of participants’

As shown in Table 1, experience is divided into four categories. More than half of the sample traced within the first category had less than five years of experience. We can conclude that the majority of responding auditors do not have a great deal of work experience, which reflects the reason behind the weakness of their awareness of audit quality.

The table also shows that the responding auditors were categorized within three categories, according to their work experience in the audit field. The first category, from zero to five, contains 67 auditors, 64.7% of the total sample. We can therefore conclude that the majority of auditors do not have a great deal of work experience in auditing, which agrees with the result shown in the previous table.

With regard to age, more than half of the respondents are young (53%), while the remaining respondents were distributed among the other three ranges and that is consistent with the experience table, as those respondents are still young and have little experience. We can conclude that the majority of auditors are aged within the lowest age levels (young participants). Moreover, that explains the reason behind their not having a great general and auditing experience, as was noted earlier.

The table also presents the academic level of the respondents. Most of the respondents have a bachelor's degree, 87% of the total sample. It is noticeable that none of the respondents holds a master's degree. This may be because they are still young, as shown by the previous result, so they have not had the chance to be enrolled in further higher education yet.

Five certificates that the respondents hold beside their academic certificate are presented in the Table above. Since the population of the research is among auditors holding JCPA, it is surprising to have only twelve holders of the certificate, i.e., 11.8% of the total sample. This can be justified, since most of the respondents have very little experience and they are still young. However, 81 respondents had no professional certificate and that made up more than three quarters of the sample. We can conclude that the majority of auditors do not have a professional certificate, but this may be justified since they are still young, so they have not had enough time to hold a professional certificate.

Most respondents see themselves as senior auditors, with 49% of the total sample. Interestingly, more than 62% are on the higher level of audit positions.

In this section, the main characteristics of the audit office will be taken into consideration by considering the following: Number of employees in each office, if there is any link to international organizations, and, finally, the number of clients.

Table 2: The Department's Characteristics

International Organization Affiliation	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	Yes	45	43.1	43.1
No	No	58	56.9	56.9
	Total	103	100.0	100.0
Number of Employees	Frequency	Percent	Valid Percent	Cumulative Percent
1 to 15 employees	47	45.1	45.1	45.1
16 to 30 employees	52	51.0	51.0	96.1
31 to 45 employees	2	2.0	2.0	98.0
46 to 60 employees	2	2.0	2.0	100.0
Total	103	100.0	100.0	
Number of Clients	Frequency	Percent	Valid Percent	Cumulative Percent
1 to 15 clients	10	9.5	9.5	9.5

16 to 30 clients	39	37.6	37.6	47.1
31 to 45 clients	14	13.7	13.7	60.8
More than 45 clients	40	39.2	39.2	100.0
Total	103	100.0	100.0	

Table 2 measures the office size by the number of employees in each office. Most of the sample companies have less than thirty employees in their offices -- 96%. The size of the audit offices in Middle Eastern countries are therefore relatively small.

This table presents information on whether there is a link to international audit firms. Almost half of the respondents assured the researchers that their office was not linked with any international organizations. On the other hand, forty five of the respondents agreed that their office has an affiliation with some international firms. The size of the office, according to its number of clients during the questionnaire distribution, was also presented in the table. Audit offices in Middle Eastern countries vary in terms of the number of their clients. We can see that 40 offices have over 45 clients and, interestingly, over 90% of the companies have over 15 clients, and that means that the audit firms in these countries are able to retain and keep clients.

Descriptive statistics:

In this part of the research, the measures of the central tendencies are shown in order to describe the average tendencies of the mean for every variable, and how far the values are from the mean. In other words, a high standard deviation reflects a wide spread of data, while a low standard deviation reflects a close spread of data from the mean.

Table 3: The Mean and St. Dev. of the results:

#	Statement	Mean	St. dev.
1	Sufficiency Measures (6 Statements)	4.2680	.43471
2	Reliability Measures (7 Statements)	3.9580	.39620
3	Relevancy Measures (4 Statements)	4.0833	.41433
4	Efficiency Measures (4 Statements)	4.1667	.39581
5	Effectiveness (6 Statements)	4.1699	.32402

Table 3 presents all the study variables describing the means and standard deviations. Sufficiency is represented by 6 statements in the questionnaire, and the respondents agreed with the statements at an average of 4.268 and St. Dev. of .43471. Descriptive results regarding reliability (7 statements) show that the agreement is lower than the other variables at 3.958 and St. Dev. 3.962, however, this is still a high agreement level. The results show also that Relevancy (4 statements), Efficiency (4 statements) and Effectiveness (6 statements) achieved a high level of agreement, with an average slightly over 4.

The association between evidence characteristics and audit quality

In order to determine that the proper test be used, a normality test (Kolmogorov-Smirnov) was conducted. To reject or accept the result as being normal or not normal is categorized by knowing the following:

- If probabilities > 0.05 mean then the data are normally distributed.
- If probabilities < 0.05 mean then the data are not normally distributed.

Table 4: Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Sufficiency	.148	103	.007	.903	103	.001
Reliability	.164	103	.001	.911	103	.001
Relevance	.207	103	.000	.936	103	.009
Efficiency	.162	103	.002	.941	103	.014
Effectiveness	.171	103	.001	.947	103	.023

It is clear from Table 4 that the probabilities are less than 0.05 for sufficient, reliability, relevance, efficiency, and effectiveness, which indicates that the data are not normally distributed. Shapiro-Wilk also supports Kolmogorov-Smirnov, where the significance is less than 0.05 for all variables.

It is important when using questionnaires that the researchers can check their reliability by Cronbach's alpha. According to Field (2009), if the value is greater than 0.60, then it is reliable. In this study, alpha is 0.766 for the 27 (statements) elements and this value is greater than 0.60, which demonstrates the reliability of the questionnaire. Moreover, since the value is less than 0.90, which in a way explains that the length of the questionnaire is appropriate.

The hypotheses of the study will be tested by measuring the strength of the relationship between two variables. Since the data from the above test indicated that the data are not normally distributed, a choice should be taken about the correlation. However, Spearman's correlation is going to be applied as a measurement for a monotonic relationship between the variables in order to test the hypotheses

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Starting with the first hypothesis:

H01: There is no relationship between evidence sufficiency and audit quality.

According to the results in Table 5, sig is 0.014, which is less than 0.05, and that indicates that there is a significant relationship between sufficiency and efficiency. Moreover, Spearman's rho is .342, which indicates a strong positive relationship between the two variables. As a result, there is a significant relationship between sufficiency and efficiency.

From Table 5, also, sig is 0.006, which is less than 0.01 that indicates that there is a significant relationship between sufficient and effectiveness. Moreover, Spearman's rho is 0.385, which indicates a strong positive relationship between the two variables. As a result, there is a significant correlation between sufficient and effectiveness.

After examining the relationship between sufficiency and audit quality it is clear that there is a significant relationship, so we cannot accept the first hypothesis.

Moving to the second hypothesis

H02: There is no relationship between evidence reliability and audit quality.

According to the results in Table 5, sig is 0.640, and that indicates that there is no significant relationship between reliability and efficiency. In Table 5, also, sig is 0.005, which is less than 0.01, and that indicates that there is a significant relationship between reliability and effectiveness. Moreover, Spearman's rho is 0.379, which indicates a strong positive relationship between the two variables. As a result, there is a significant relationship between reliability and effectiveness.

After examining the relationship between reliability and audit quality, it is clear that we can't reject the null hypothesis.

Moving to the third hypothesis

H03: There is no relationship between evidence relevancy and audit quality.

According to the results shown in Table 5, sig is 0.439, and that indicates that there is no significant relationship between relevance and efficiency. As a result, we can conclude that there is no significant relationship between relevance and efficiency.

Table 5 shows that sig is 0.009, which is less than 0.01, and that indicates that there is a significant relationship between relevance and effectiveness. Moreover, Spearman's rho is 0.362, which indicates a strong positive relationship between the two variables. As a result, there is a significant relationship between relevance and effectiveness.

After examining the relationship between relevance and audit quality it is clear that we cannot reject the null hypothesis.

Table 5: Correlations

		Sufficiency	Reliability	Relevance	Efficiency	Effectiveness
Spearman's rho	Sufficiency	1.000	.437**	.365**	.342*	.385**
	Correlation Coefficient					
	Sig. (2-tailed)		.001	.008	.014	.005
	N	103	103	103	103	103
Reliability	Reliability	.437**	1.000	.392**	.067	.379**
	Correlation Coefficient					
	Sig. (2-tailed)	.001		.004	.640	.006
	N	103	103	103	103	103
Relevance	Relevance	.365**	.392**	1.000	.111	.362**
	Correlation Coefficient					
	Sig. (2-tailed)	.008	.004	.	.439	.009
	N	103	103	103	103	103
Efficiency	Efficiency	.342*	.067	.111	1.000	.057
	Correlation Coefficient					
	Sig. (2-tailed)	.014	.640	.439	.	.691
	N	103	103	103	103	103
Effectiveness	Effectiveness	.385**	.379**	.362**	.057	1.000
	Correlation Coefficient					
	Sig. (2-tailed)	.005	.006	.009	.691	.
	N	103	103	103	103	103

In this type of question, respondents were given five possible audit opinions from the researchers' point of view. Respondents were asked to evaluate each view from 1 to 10. The results show that the average answer of each statement is over 7 indicating agreement with the statements. This means, most of the respondents agree that the collected evidences should enhance the effectiveness and efficiency of the audit process and the reliability and relevance of the evidence enhance the quality of the audit process.

The interview results

Twenty-two interviewees participated in these sessions providing the study with rich information regarding their perceptions about these relationships. In this research we conducted interviews with key persons in the profession to seek new insights and enhance the quality of the results. The questions were all directed to the auditors who had more than 5 years' experience to keep the quality of the responses. This section shows their responses regarding this relationship.

In the interview, some points were raised for instance:

What is your opinion regarding the client's response to collecting evidence?

Mainly, the respondents agreed that action should be taken by clients that will help in collecting evidence. Gaining enough evidence from clients helps to build more reliable opinions. It also helps the auditors to gain more relevant and reliable financial statements and to have them prepared by management. Additionally, it reflects a client's credibility and reliability in examining the required data. One respondent believes that the client's effort plays a major role in accomplishing the audit process on the due date and in making it more efficient and reliable. Moreover, clients' help in meeting the objectives saves time and effort. Finally, respondents value the relationship between clients and auditors as a good start in collecting evidence.

On the other hand, some respondents believe that the client's help may cause some obstacles. Not all clients have a great knowledge of, or are familiar with, auditing and its requirements. Other factors, such as the nature of the business and the client's educational level, influence, in one way or another, the effect on the client's performance in collecting evidence. However, clients may be late in collecting evidence and may not submit the required work on time, thus being less accurate in the collection process. One respondent believed that some clients feel bothered whenever they are asked to help the auditor to collect evidence. Another auditor was too positive on this side, and he mentioned that most of the clients with whom he works are willing to provide evidence and they always give a hand to the auditor.

What are the factors that may help you when collecting evidence?

The respondents often gave different and varied factors, but most of them agreed about the following factors. The tone at the top (the leadership in the client firm), the governance and the organizational structure of the firm, together with internal control mechanisms. Some also assured that they like to sit with the internal auditors in the first place in order to understand the internal control environment inside the company and to understand the objectivity of the internal auditors' position in that company. Others mentioned that planning is important so as to make sure that they do not repeat some of the evidence, and this saves time and effort and helps to avoid any miscommunication between auditor and client.

Do you think that the evidence that you collect for every engagement is enough to build your decision?

The respondents assured the researchers that they will not issue opinion about the financial statements if they do not have enough evidence relating to the audited case. They told us also that the sufficiency of the evidence depends on their professional judgements about the financial statements and related issues. They assured the researchers that sufficiency is dependent also on the type of the evidence (its reliability and relevance). One of the auditors added that the source of the evidence affects the sufficiency and the reliability of that evidence. He would prefer to get one piece of evidence from an independent party, rather than collecting evidence from the client. Another participant also agreed with this viewpoint, but also emphasized that if the auditor himself conducted the evidence, that would be the best type of evidence. So all the respondents agreed that the qualitative factors affecting the quantity of the evidence, as better quality evidence, may reduce the quantity of the required evidence and this sometimes reduces the cost of the engagement. This result shows that audit

efficiency which is achieving the objectives with fewer resources (a lower number of pieces of evidence) is increased by having a better quality of evidence.

Conclusion

The current research conducted correlation tests in order to discover the relationship between the quality of the evidence and the effectiveness and efficiency of the audit process in Middle Eastern countries. The test shows that there is only a relation between sufficiency and audit quality, while reliability and relevance were partially influenced by only one factor in relation to the audit quality. Specifically, the result shows the rejection of the null hypothesis, since a significant relationship between sufficiency and audit quality exists. We can conclude that the quantity of audit evidence plays an important role on the quality of an audit.

In terms of the relations between the effectiveness and reliability of the audit evidence, the results clarify that we cannot reject the null hypothesis, since it was found that only one part of the audit quality (effectiveness) is related to its reliability. We can conclude that the quality of the audit (reliability) evidence plays an important role in meeting the objectives and in achieving the required results.

With regard to the relationship between evidence relevancy and audit quality, the results also demonstrate that we cannot reject the null hypothesis, since it was found that only one part of audit quality (effectiveness) is related to relevance. We can conclude that the quality of audit (relevancy) evidence plays an important role in meeting the objectives and in achieving the required results. The interview results support the questionnaire results. Most of the respondents showed that the quality of the audit work is affected by the quality of the collected evidence. Based on the perceptions of the auditors, this suggests that auditors should encourage their clients to be engaged in the process of collecting evidence, simultaneously this engagement increase the quality of the evidence. This outcome shows that auditors in the Middle East seek better quality of evidence to form an opinion on the financial statements.

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