

A STUDY ON THE DIFFERENCES IN THE QUALITY OF AUDITING SERVICE PROVIDED BY INTERNATIONAL AND DOMESTIC AUDIT FIRMS

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ABSTRACT

The main objective of this research is to investigate the elements that would influence the quality of audit works performed by international and domestic audit firms and examine the relationship between the quality of audit and the types of audit firms. This research has identified few elements that would affect the quality of the audit work and how these elements would affect the audit quality.

The ultimate purpose of this research is to investigate whether there is any difference between the quality of audit work performed by the international and domestic audit firms. This research would examine whether the quality of the audit work conducted by the international audit firms is higher than the domestic audit firms, or both of them are having the same audit quality.

In this research, 2 international audit firms and 2 domestic audit firms in Malaysia have been selected to conduct the survey. The international audit firms are PriceWaterHouseCoopers and Ernst & Young, which are also the members of the Big Five audit firms. The domestic audit firms are Monteiro & Heng and Tan Jin Kok & Co.

Before analyze the data gathered from the questionnaires, it is assumed that the quality of auditing service provided by the audit firms consists of few elements, namely, independency of firms, encouragement of continuous professional education, review of audit works and establishing and monitoring the quality control policies and procedures. Four hypotheses testing have been carried out in order to examine the relationship between the types of audit and these four elements of the audit quality.

The results of analysis show that there is no relationship between the types of audit firms and the elements of the audit quality. Therefore, it can be concluded that there is no significant difference in the quality of auditing service provided by international and domestic audit firms.