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Auditor's expertise and external factors on the auditor's professional skepticism

"The Effect of the determinants of Auditor's expertise and external factors on the auditor's professional skepticism – A practical study"

An extract from PhD thesis in accounting titled

"A proposed model for the determinants of auditor's professional skepticism based on personal traits versus auditor's experience and its effect on the audit quality – A practical Study

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Abstract:

Purpose: the main objective of this research is to identify the major factors of auditor's expertise and external environment that may have an effect on the auditor's professional skepticism. The empirical study will investigate the effect of these factors on the level of skepticism exercised by the auditor.

Research Methodology: As this research is one of the social science researches, it will depend upon the two basic approaches in the research methodology: the inductive approach and the deductive approach. The author conducted a survey to study the effect of the auditor's experience and external factors on the professional skepticism. The researcher distributed 100 surveys and collected 69 answered surveys with a response rate of 69%

Findings: The statistical results indicated that there is a strong effect of the auditor's expertise and also the external factors and pressures on the auditor's professional skepticism. The results will help in explaining the reasons for why some auditors cannot keep and apply professional skepticism properly in many audit engagements.

Originality/Value: This research contributes to the literature by Understanding the effect of experience and the external factors on the professional skepticism. It can provide basis to establish practical solutions to the auditor to preserve an appropriate level of professional skepticism as stipulated by the standards.

Key words: Professional skepticism – Auditor's experience – Industry specialization

ملخص البحث:

هدف البحث: الهدف الرئيسي من هذا البحث هو تحديد العوامل الرئيسية لخبرة المراجع والبيئة الخارجية التي قد يكون لها تأثير على الشك المهني للمراجع. وستقوم الدراسة العملية بدراسة تأثير هذه العوامل على مستوى الشك الذي يمارسه المراجع خلال عمليات ارتباط المراجعة.

منهجية البحث: بما أن هذا البحث هو أحد أبحاث العلوم الاجتماعية، فإنه سيعتمد على منهجين أساسيين في منهجية البحث: المنهج الاستقرائي، والمنهج الاستنباطي. أجرى الباحث دراسة مسحية لبيان اثر محددات خبرة مراقب الحسابات و العوامل الخارجية على مستوى الشك المهني. قام الباحث بتوزيع عدد ١٠٠ استمارة استبيان و تم تجميع عدد ٦٩ استمارة بنسبة استجابة ٦٩٪.

النتائج: أشارت النتائج الإحصائية إلى أن هناك تأثير قوي لخبرة المراجع وأيضا للعوامل والضغوط الخارجية التي يتعرض لها خلال عملية المراجعة على الشك المهني. ستساعد النتائج في توضيح أسباب عدم قدرة بعض مراقبي الحسابات على الحفاظ على الشك المهني وتطبيقه بشكل صحيح في العديد من ارتباطات المراجعة.

الإضافة العملية: يضيف هذا البحث الى الدراسات السابقة من خلال فهم تأثير الخبرة والعوامل الخارجية على الشك المهني. ويمكن من خلاله وضع حلول عملية لمراقب الحسابات للحفاظ على مستوى مناسب من الشك المهني على النحو المنصوص عليه في المعايير المهنية.

الكلمات المفتاحية: الشك المهني – خبرة المراجع – التخصص القطاعي

Introduction:

In order to deliver a high quality audit, Auditors should adhere to professional standards and legal and regulatory requirements while performing financial statement audits. Those standards require that appropriate professional skepticism be applied in the exercise of professional judgment and issuing the audit opinion.

The professional skepticism is a very important topic for research in audit nowadays. The accountancy and audit professions have responded to an increasing pace of change in our society, economy and capital markets. Therefore, when we think of the audit of the future we should not concentrate on topics like big data, artificial intelligence or block chain only. If professional skepticism didn't come to this short list, it should. Professional skepticism has always been one of the main corners of audit profession (Mkololo & Barker Hoogwerf, 2018). It is used to validate information through probing questions, critical assessment of evidence, and attention to red flags and inconsistencies in the financial statements (Grenier, 2017)

1/1 Research problem

Audit profession has become under threat due to the major financial failures starting from Enron and woldcome 2000 to the financial crisis 2008 and after. The audit quality has also been questioned in many audit research and has been investigated from different viewpoints. The researcher claims that failing to put a comprehensive model for one of the main corners of the

audit profession, which is the professional skepticism, is a major reason for not achieving quality audit. Audit judgments are results of professional skepticism performed by auditors. Professional skepticism in return is affected by the personality and experience of the independent auditor. In addition to that many literatures have also raised questions about the effect of other external factors on the level of professional skepticism of the auditor. These external factors can be divided into organizational and environmental factors (Janssen, Hardies, Vanstraelen, & Zehms, 2020)

The problem of this research can be formulated by to what extent the experience and external factors can affect the professional skepticism.

1/2 Research objectives:

The objectives of this research can be mentioned in the following points:

- Illustrating the continuous importance of the professional skepticism the light of modern accounting and audit changes.
- illustrating the importance of expertise in influencing the auditor's professional skepticism
- Identifying the major factors of auditor's expertise and the difference between the general concept of expertise and the limited concept of experience
- Identifying the major external factors which may effect on the auditor's professional skepticism
- Implementing a practical (empirical study) to examine the statistical validity of the research hypothesis

1/3 Research importance:

The widespread and diversification of business in this modern day has continued to increase the complexity of business transactions and accounting standards. The accounting standards have adopted now the principles based standards rather than rules based standards. In addition, many modern accounting standards now show an expansion on usage of fair value accounting. This has increased the complexity and subjectivity of the financial reporting and has consequently elevated the importance in the application of high degree of professional skepticism by the auditors.

This concern triggered many initiatives calling for the continuous importance of the professional skepticism in audit engagements. Understanding the effect of experience and the external factors on the professional skepticism may give some solutions in the future on how to enhance the practice of this concept. Also it can give practical solutions to the auditor to preserve an appropriate level of professional skepticism as stipulated by the standards.

1/4 Research method:

As this research is one of the social science researches, it will depend upon the two basic approaches in the research methodology: the inductive approach and the deductive approach. The inductive approach will be used firstly to understand and analyze the concept of previous studies while the deductive approach will be used in an empirical or field study to collect evidences and data about how this can be happening in practice.

1/5 the concept of the professional skepticism as introduced in the literature and standards:

The Center for Audit Quality (CAQ), in its 2010 report on fraud, describes professional skepticism as follows: "*Skepticism involves the validation of information through probing questions, the critical assessment of evidence, and attention to inconsistencies*". While the International Standards on Auditing (ISA) defines professional skepticism as "*an attitude that includes a questioning mind and critical assessment of audit evidence*" (Isa200, 2012)

Auditing standards emphasize two important corners of the professional skepticism: First: a questioning mind, and second: a critical assessment of audit evidence during all phases of the audit engagement.

In the academic literature, previous authors adopted somewhat different perspectives of the professional skepticism, for example (Hurtt, 2010) defines PS in the view of the various characteristics which form the auditor's state of questioning mind. These factors include factors like (questioning mind, suspension of judgment and self-confidence). Another author defines skeptic auditors as those who tend to be relatively accurate in their assessments of audit risks (Nelson, 2009)

This is as opposed to "trusting" or "suspicious" auditors who tend to be biased in their professional judgments. Other authors have adopted a sharper view of the PS. For example, (Shaub, 1996) puts skepticism and suspicion on the same level, meaning that the auditor should not trust the management at all.

1/6 Skeptical judgment and skeptical action and Professional skepticism:

Auditor's report is considered the final output of the audit engagement in which the auditor communicates the audit findings to the financial statement users. The users rely on this final output in their economic and investment decisions because it is presumably provided by an independent and professional party (Alvin A. Arens, 2017). Therefore there is a clear reaction on the stock market to the information contained in the qualified audit reports (ارسانيوس, بدر نبيه ٢٠٠٨). The interaction of skeptical judgment, skeptical action and professional skepticism will lead to the final auditor's opinion or report.

Previous studies have differentiated between Skeptical judgment and skeptical action. Skeptical judgment occurs when an auditor recognizes that a potential issue may exist and that more work or effort is necessary. Skeptical action occurs when an auditor changes his/her behavior based on the skeptical judgment. Both skeptical judgment and skeptical action are essential to the audit process (Kathy Hurtt, Brown-Liburd, Earley, & Krishnamoorthy, 2013), (Hardies & Janssen, 2019). Therefore, it can be said that the professional skepticism is the umbrella that include underneath the skeptical judgment and actions. In addition (Hasson & Knechel, 2019) illustrated that skeptical action reflects the possible outcomes from the interaction between an auditor and those who are charged of the management of the client after a skeptical judgment has been made. So we can conclude that the extent to which an auditor takes a skeptical action reflects the outcome of exercising some level of professional skepticism. Also (Hawkins, 2017) illustrated that in some cases auditors who exhibit professional skepticism in judgments don't exhibit professional skepticism in action.

Other studies also have differentiated between professional judgment and professional skepticism. According to the literature professional judgment

is defined as “the application of the accumulated knowledge and experience gained through a relevant accounting or auditing training” (IVAN, 2016). It is the output of many factors affecting the auditor and the audit conditions. One of these factors is the auditor professional skepticism, as high – quality professional judgment depends partially on the level of skepticism exercised by the auditor. However, skepticism without adequate knowledge or experience, or required industry specialization will not be sufficient alone to obtain high quality professional judgment.

1/7 the two basic types of skepticism (trait and State):

Various previous studies also have agreed that there are two types of professional skepticism. These two types as were firstly presented by (Nelson, 2009) are as follows:

(1) (Trait Skepticism) Professional skepticism as a result of personal traits: Personality traits likely influence an individual's ability to appropriately apply professional skepticism. Because this type of skepticism is related to the person who performs the audit, Studies have agreed that it's relatively stable and enduring aspect for the individual.

(2) (State Skepticism) Professional skepticism stemming from previous experience: Skepticism that is result of previous experience of the auditor. It is called state because in this situation skepticism is aroused by either a previous experience of a possible risk of misstatements or situations led to suspicious during the current audit. (Popova, 2013)

Based on the various previous definitions, the researcher may establish a definition of the professional skepticism as follows,

"Professional skepticism is a state of mind should be maintained by the auditor through all over the phases of the audit engagement, this state of mind is affected by many factors some of them related to the personality of the auditor himself, other related to the circumstances of the audit and other related to the previous experience of the auditor with the client"

This research focuses on the second type which is the state skepticism or the part of the professional skepticism which is affect by the previous expertise of the auditor

1/8 the increasing importance of the professional skepticism concept in nowadays accounting and audit profession:

It is noticeable that there is an increase in commercial transactions and complex accounting standards as a result of the development of Business and transactions between major international companies. In addition there is an expansion of the accounting standards based on principles versus accounting standards based on rules. This in return allows for extensive use of fair value accounting estimates and increased the opportunities for management to make more subjective estimates in the accounts balances. These reasons have increased the complexity of the audit process and more specifically the importance of professional skepticism Practiced by the auditor to ensure that these estimates do not involve any manipulation by the management.

It can be concluded from the above discussion that there is a continuous or enduring importance to this concept. The other major reasons can be summarized in the following points:

- The higher the level of P.S, the more detailed audit procedures and more sample testing will be performed. This makes it more likely to detect misstatements specially that are due to fraud. The auditing standards (for example SAS No.99) stress the importance of the audit role in detecting the misstatements which are due to fraud. High level of P.S will lead to detecting the area of high risks in the audit process and let the audit respond quickly to the red flags
- The importance of P.S increases when there are doubts regarding the management incentives and announcements. In this case the exercising of P.S will lead to detecting any attempts by the management to manipulate the financial statements. In addition to that the principle of P.S will protect the auditor from any attempts to affect the auditor opinion by the client.
- Moreover, the principle of the P.S is not confined on the external auditors. And shading the light on its importance is relevant to the internal auditors as well. The internal auditors as a part from the internal control of any organization considered to be the first line of defense against any attempts to fraud and manipulation inside the organization. So the enduring importance of this principle (i.e. P.S) is relevant for any type of audit.

- It is noticeable that there is an increase in commercial transactions and complex accounting standards as a result of the development of Business and transactions between major international companies. This in return increases the importance of audit in general and as the principle of professional skepticism in specific.
- In addition, with the expansion of the accounting standards based on principles versus accounting standards based on rules which allow for extensive use of fair value accounting, it becomes more subjective than objective. This, in turn, will increase the complexity of the audit process and the importance of professional skepticism Practiced by the auditor to ensure that these estimates do not involve any manipulation by the management. This means that the P.S principle is not important only for the auditors but also for standards setters and capital market investors.
- The International standard on auditing (ISA 540) and The US standard (AS 2501) revised which issued in 2018 stressed the importance of the application of the professional skepticism when auditing the accounting estimates. The auditor must understand the procedures and methods used in developing these estimates to provide reasonable assurance that it is not manipulated by the management. One of these estimates is the faire value measurement which is currently used widely by the recent accounting standards such as IFRS 7. These estimates require the auditor to apply his professional skepticism and professional judgments because of the significant risk contained in these estimates (ارسانيوس, بدر نبيه ٢٠٠٦)
- The previous studies also have confirmed the previous point as (D'Aquila, Jill M., 2011) stated that the US securities market suggests that one of the major causes for audit failure is not applying the principle of professional skepticism appropriately by audit partners during audit engagements. The study of (Kusumawati & Syamsuddin, 2018) have also confirmed this and concluded that 60% of the cases where the audit failed to detect material statements are due to the lack of applying the P.S. This indicates to the importance of discussing this topic as it considered one of the major causes of audit failure.

1/9 the definition of auditor's expertise (Experience):

There are many studies investigated and explored the issue of auditor experience and expertise. The researcher will use these terms interchangeably and is adopting the big picture of the experience, as it refers to the knowledge and skills the auditor developed either through education or practice in the field (Bonner, 2014), (E. Bonner & L. Lewis, 1990)

The center of audit quality affiliated to the American accounting association in 2010 has defined three elements of professional skepticism as follows :(**1. Attributes, 2. Actions and 3. Mindset**). These elements of Professional skepticism interact dynamically as auditors respond to conditions and pressures that change or arise during the audit (Center for Audit Quality, 2013)

As for the Attributes they are consist of three important elements as follows (knowledge, skills and abilities).The Audit quality center and have stipulated that *"the audit is to be performed by a person or persons having adequate technical training and proficiency as an auditor"*. This means that Auditors should be assigned to tasks suitable with their level of knowledge, skills, and abilities so that they can evaluate the audit evidence they are examining.

In addition, the international auditing standards (ISAs) defined the experienced auditor as" *An individual (whether internal or external to the firm) who has practical audit experience, and a reasonable understanding of the business environment in which the entity (the client) operates*" (ISAs Framework, 2013 P.20). This means that auditor's education, practice and industry specialization are crucial parts of this experience; and this has been confirmed by many leading authors in this field ((BÉDARD, 1991) (Griffith, Hammersley, Kadous, & Young, 2015)

Therefore, Auditor expertise or experience is a critical input in the audit engagement. It's one of many factors affecting individual auditor's task performance and consequently the professional skepticism

1/10 the determinants or characteristics of auditor's expertise:

The current research presents the broader viewpoint of the auditor's experience. There are some studies that have concentrated on the effect of the industry specialization on the professional skepticism such as the study of (Grenier, 2017) and most of previous studies in this point. The researcher believes that including a broader view point of auditor's experience which includes also the level of education, the computer and language proficiency and the continuous professional education provide a better understanding of how the overall experience affects the skepticism.

Based on previous studies, it can be concluded that **the degree of auditor's education in accounting and audit** is an important determinant of the auditor's experience. The master holder in accounting and audit will have more knowledge regarding the various audit issues and techniques than the bachelor and so on. Without knowledge, auditors would have to acquire all the information they need for a given audit engagement from the beginning and this is against the standards and the audit quality. Consistent with this, many literatures shows that broad and multiple types of knowledge is crucial to individual auditor's performance of tasks or to audit quality in general (Carpenter, Gaynor, & Durtschi, 2002)

In addition, all professional standards require the auditor to have a practical experience in the field before obtaining his license as a CPA or independent auditor. The American standards AS 1010 States that "the junior assistant must obtain his professional experience with the proper supervision and review of his work by a more experienced supervisor". This, in other words, means that the more the years of experience of the auditor, the more tasks he/she will get. So that, many studies have used **the years of experience or "tenure-based titles" as a measure of the auditor's expertise.**

Another important aspect of the **auditor's expertise is the industry specialization.** It represent perform an audit engagements for clients belong to the same industry sector. This facilitates the acquisition of knowledge and experience related to the technical aspects of that sector. It considered one of the approaches to develop the audit profession to confront the practice of fraud and the rapid changes in the modern business

environment. The literatures and also the professional standards stressed the importance of the auditor's industry specialization as it plays a vital role in improving the auditor's ability in defining the areas of red flags (Material misstatements), the proper planning and collection of audit evidence, detect the management fraud and earnings manipulation and finally making the appropriate professional judgments. The industry specialization, as clarified above, enhances the auditor's professional skepticism as it making the auditor's more alert to the area of further investigations. Therefore this aspect can be considered as metric to differentiate between specialized and non-specialized auditor (مجاهد, محمد عبد الله ٢٠٠٥)

Another important determinant of auditor's expertise is his **Technological and language skills**. While these skills are now essential for any profession in general, it has an increasing importance for auditors. Advances in information technology have affected the labor markets and the skills that firms demand from their employees (Autor, 2008) Therefore, the new challenges for the auditors like big data, cloud computing and blockchain increased the importance of the auditor's technology related-skills to cope with these challenges and preserve the importance of the audit profession. For example, The Egyptian auditing standard No.545 which is related to the auditing of fair value measurements stressed the importance of auditor's understanding of recent techniques of information technology used by the management in developing the estimates related to the fair value. Therefore the more the auditor is aware with the state-of-art techniques of information technology like block chain, big data, machine learning and business intelligence; the better he will apply the professional skepticism properly

Continuous professional education The professional standards have also emphasized the importance of the continuous professional education and training programs conducted within the accounting and audit firms. The section 20 of the PCAOB standards for the quality control for a CPA firm has required that "*continuing professional education and other professional development activities that enable auditors to fulfill responsibilities assigned, and satisfy applicable continuing professional education requirements of the AICPA and regulatory agencies*" (Public Company Accounting Oversight Board, 2015). In addition, prior studies has also examined the impact of the continuous professional education on auditor's

professional skepticism and found a positive relationship between both. (Fatmawati, Mustikarini, & Fransiska, 2018)

Therefore the researcher believes that the continuous professional education and training is essential for the auditor to keep a high level of professional skepticism. The formal university education in accounting and audit is not enough for the auditor to keep track of all accounting and business changes. Accordingly, this factor will be included with the auditor's expertise because it eventually affects the auditor's skepticism.

Based on the above, the determinants of the auditor's experience which affect the level of professional skepticism can be summarized as follows:

- Level of education in accounting and audit
- Years of practical experience in the profession
- Industry specialization
- Information technology and language skills
- Continuous professional education and training

1/11 other environmental and external factors which affect the professional skepticism:

The researcher believes that there are other external and environmental factors which affect the performance and application of the professional skepticism. Generally speaking, the external factors have a significant effect on the auditor's personal judgment. The report of (Hardies & Janssen, 2019) have mentioned that there are organizational and environmental factors which affect on the professional skepticism.

Audit time pressure and audit fees are two of the most important characteristics of the audit process, as the auditor makes his judgments and decisions under these pressures, especially when the actual time needed to prepare the information needed to issue audit judgments is greater than the time limits available to the auditor. Therefore, this factor can hugely affect the application of the professional skepticism and the researcher believe that it cannot be overlooked (Cohen, Dalton, & Harp, 2017)

Learning climate inside the audit firm: This factor refers to how the audit firms treat the auditors' mistakes. Sometimes the auditors (particularly juniors) make mistakes in their judgments. The question now is how the

audit firms respond to these mistakes? A safe learning environment is crucial for auditor's self-esteem and helps them perform their job effectively. Previous studies indicated that auditors working in a supportive learning culture will be encouraged to engage more in applying the professional skepticism (Grohnert, Meuwissen, & Gijsselaers, 2018)

Internal quality control system: (Hardies & Janssen, 2019) has mentioned that the current quality control system of the audit firms sometimes discourage the auditors in exercising the professional skepticism. This is called the outcome bias which refers to the tendency to judge a decision by its eventual outcome. The research shows that in outcome bias the reviewers tend to penalize the auditors who employ an adequate level of skepticism but don't identify a misstatement. On the other hand, the audit firms were willing to reword the auditors who found a material misstatements despite their actions were exactly the same (Brazel, Leiby, & Schaefer, 2018). Therefore, the current evaluation and quality control system should be modified to not blame the skeptical auditors and not always concentrate on the outcome

1/12 Research Hypothesis and constructing the empirical study:

This section is concerned with the practical study that focuses on testing the validity of the relationship between the determinants of auditor's experience and the other environmental variables on the professional skepticism applied by the auditor. The research hypothesis can be formulated as follows:

- Hypothesis 1 (H1): There is a significant effect of the experience on the level of the professional skepticism
- Hypothesis 2 (H2): There is an effect from the environmental and organizational factors on the level of professional skepticism exercised by the auditor

The practical study will be in a Form of questionnaires containing questions related to the above measures on a 5 Likert scale.

1/12/1Study Sample:

The questionnaires were distributed to the following populations:

- Practicing auditors
- Accountability state authority auditors

- Tax authority affiliates
- University post-graduate students and academics

The researcher distributed 100 surveys and collected 69 answered surveys with a response rate of 69% as explained in the following table:

Table 1 - Frequency distribution of the sample distributed

Sample distribution					
Serial	Item	Freq.	%	Valid %	Cumulative %
1	P. Auditors	19	27.5	27.5	27.5
2	Accountability state auditors	21	30.4	30.4	57.9
3	Tax authority affiliates	24	34.8	34.8	92.7
4	Academics and post-graduate students	5	7.3	7.3	100
Total		69	100.0	100.0	

It is noted from the above table that most of the respondents in the category group (tax authority affiliates) which accounted for a percentage (34.8%), came in the first place, then category group (accountability state auditors) which accounted for present (30.4%), and the category group (practicing auditors), by present (27.5%), and the category group (academics), by present (7.3%), According to the responses of the sample.

1/12/2 Descriptive statistics:

The following part deal with descriptive statistics for the variables of the research by showing data from the tables and determining phrase with the highest level of agree and the lowest level of agree in accordance with the response of the research sample and then showing the general trend of the research items by looking at the at the percentage coefficient of variation.

The researcher used a questionnaire with 5 (Likert scale), starting with strongly disagrees, disagree taking the value of 2, neither agree nor disagree, then agree, and strongly agree

1/12/2/1 Reliability and validity of the study:

The researcher used to check the reliability coefficient "Alpha cronbach", to measure the stability of the content variables of the study, it was found that coefficient to check the total of the axes of the research " The Effect of Auditor's expertise and external factors on the auditor's professional skepticism – A practical study" has reached stability coefficient for the total sample size (0.94), which indicates that the high degree of persistence of the study sample, and its effect has been reflected Validity (Which represents the square root) was (0.97). This indicates to the high consistency and validity of the sample study.

1/12/2/2 Descriptive statistics for the research variables:

The following are the research variables which need to be tested:

- Determinants of auditor's experience
- External audit factors

The following table summarizes the results of descriptive statistics for the above variables.

Table (2) Descriptive Statistical (Arithmetic mean, standard deviation and coefficient of variation)

Items	Mean	Std.	C.V
1 - Professional skepticism is also affected by the extent of the auditor's experience	4.10	0.68	16.80
2 - The level of education (academic degrees) affects the level of professional skepticism of the auditor	4.10	0.37	17.81
3 - The number of years of experience (practicing the profession) affects the level of professional skepticism of the auditor.	4.24	0.73	12.77
4 - industrial specialization affects the level of professional skepticism of the auditor	4.13	0.85	20.72
5 - The level of professional skepticism of the auditor is affected by the level of proficiency in foreign languages	4.10	0.82	21.26
6- The level of professional skepticism is affected by the extent of the auditor's	4.00	0.64	16.04

proficiency in using the computer and understanding the client's electronic operations (technological skills).			
7 - Continuous professional education affects the level of professional skepticism of the auditor	4.11	0.65	16.42
8 - There is a mutual influence between personal characteristics and the auditor's experience on the level of the auditor's professional skepticism	4.00	0.85	15.42
9 - With other variables being constant, More experienced auditors (seniors) are more professionally skeptical than less experienced auditors (novices)	4.07	0.67	16.48
10 - Professional skepticism is affected by the time pressure specified for the audit process and the submission of the auditor's report	4.18	0.67	16.00
11 - Professional skepticism is affected by the audit fees pressures exercised by audit client	4.10	0.71	17.30
12 - Professional skepticism is affected by the system and the general learning climate within the audit office (learning climate).	4.14	0.49	11.90
13- Professional skepticism is affected by the system of promotions and quality control within the audit firm (Internal quality control system).	3.94	0.83	17.32
Total	4.10	0.49	12.10

From the above table, it can be concluded that:

- The trends in variables research sample have shown a general trend to the (agree) with a mean (4.10), coefficient of variation (12.10%), and differences in variances ability (87.9%).
- The high degree of agreement was about the following items: (Professional skepticism is affected by the system and the general

learning climate within the audit office (learning climate), (The number of years of experience (practicing the profession) affects the level of professional skepticism of the auditor), with a coefficient of variation, (11.90%), (12.77%), respectively

- This means that the highest determinant of auditor's experience which may have an effect on the level of professional skepticism is the number of years of experience. The item number (8) supports this claim as it shows relatively high degree of agreement (with Coefficient of variances = 16.48) meaning that the more the auditor is experienced the more the he/she will be professionally skeptical during the audit engagement. On the other hand, the highest external variable which is likely to influence the professional skepticism is the learning climate inside the audit firm
- The less degree of agreement was about, (The level of professional skepticism of the auditor is affected by the level of proficiency in foreign languages), with coefficient of variation calculation (21.43%) according to the total variables of the study sample.

1/13 Results of the study:

- The importance of professional skepticism has increased in nowadays audit. The audit profession has come under threat because of many financial scandals occurred recently. The professional skepticism was the main culprit in many of these cases.
- The professional skepticism is affected by the determinants of the auditor's experience. These determinants are vary from the education level to the years of practice, the language proficiency and technological awareness, as well as the continuous professional education
- With other variables being constant, the level of auditor's professional skepticism can also be influenced by the external and environmental factors where the auditor works. These variables are considered important in explaining the reasons for not applying the professional skepticism properly in some cases.

1/14 Recommendations of the study:

- Auditor's experience is not confined on industry specialization and the number of years of practice only. The audit firms and professional bodies should encourage the auditors for more

technological awareness, language proficiency and continuous professional education

- The internal quality control systems should be modified inside the audit firms to encourage the application of the professional skepticism regardless of the outcomes.
- The audit firms should provide a safe learning climate for younger auditors (juniors). Researches and results of the study show that auditors work in supportive learning culture will engage consistently in the professional skepticism.

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