

Quality Control in Audit Firms in Algeria

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Abstract:

This study aims to identify the definition, importance and objectives of quality control for audit offices, in addition to addressing methods for controlling audit quality and related standards, and knowing the extent to which quality control procedures can be adopted for the services of audit offices in Algeria and their role in achieving control and ensuring the quality of their services.

The study concluded that the Algerian manual for self-censorship has only delegated the task of self-censorship of quality to the practitioner himself, unlike many countries in the world. As for external quality control, it is noted that the level of qualification of the offices that are subject to monitoring is not taken into account when directing the auditors to the offices.

Keywords: Quality control of audit offices, International standards for quality control, Quality Control Manual.

1. Introduction

Any function's quality affects the results attained through its operation; as a result, audit quality has received a lot of attention lately. This is mostly because of the intense criticism that the auditing profession has received - caused by an increase in lawsuits against auditors and audit firms worldwide - which makes it necessary to uphold professional and ethical duties in order to preserve public trust and adhere to the regulations of organizations that oversee the profession.

Algerian accounting professionals now urgently need to prioritize quality, especially in light of the nation's recent economic challenges. Numerous financial scandals that followed these crises revealed the weakness of audit firms' supervision systems, which spurred efforts to reform the industry. The adoption of quality control techniques for audit firms through the publication of self-monitoring and quality control guides, as well as the implementation of Law 10/01, which governs accounting professionals, and related legal and regulatory texts, served as the impetus for this reform.

Therefore, in this research paper, we will attempt to address the following problem:

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1.1. Study Problem:

To what extent can quality control procedures be adopted in audit firms in Algeria?

1.2. Study Hypotheses: To address the research problem, we formulated the following hypothesis: Quality control procedures cannot be effectively implemented in Algerian audit firms due to the absence of a local standard in this regard.

1.3. Study Objectives: The study aims to:

- To understand the nature, importance, and objectives of audit quality control in audit firms, as well as the associated methods;
- To gain familiarity with the standards relevant to audit quality control;
- To determine the extent to which quality control procedures can be adopted by audit firms in Algeria;
- To derive useful findings and conclusions.

1.4. Study Methodology:

Given the nature of the subject, and in order to achieve the study's objectives and comprehensively address its various aspects, a descriptive approach was employed-based on presenting the material and subsequently drawing conclusions.

1.5. Study Themes:

To address the research problem, the study has been divided into three main themes:

- Theme One: Quality control in audit firms;
- Theme Two: International standards for audit quality control;
- Theme Three: Quality control in audit firms in Algeria.

2. First Axis: Quality Control in Audit Firms:

In this section, we will address the concept of quality control in audit firms and the associated methods.

2.1. Approach to Audit Firm Quality Control:

Audit firm quality control is a mechanism for maintaining a minimum level of credibility in an audit firm's work vis-à-vis its clients, as the quality of the audit process-and the oversight thereof-is of interest to various stakeholders who rely on financial reports.

2.1.1. The Character of Quality Control Audits:

Because the auditing profession has certain qualities not found in other professions, such as the fact that many parties rely on the auditor's report when making choices, the idea of audit quality control is complicated.

The term "audit firm quality control" refers to the different approaches, strategies, and tactics used to make sure the company carries out its professional obligations to clients; they include the business's organizational structure and the protocols it follows. (Khamloul & Boudarbala, 2021)

According to a different definition, it is the administrative structure and the entire set of rules and guidelines put in place to give a reasonable level of assurance that the firm's employees follow the code of ethics and governing rules of the profession, as well as professional standards and pertinent regulations governing their performance when serving clients. (Al-Shuhna, 2015)

It can also be described as the collection of practices employed by audit firms that make it easier to carry out high-quality audits and allow the firm to reasonably guaranty that the auditor's opinions reflect compliance with local or international auditing standards as well as any applicable legal or regulatory requirements. (Abd elSamad & Ben Azouaw, 2022)

The International Federation of Accountants (IFAC) published International Standard on Quality Control (ISQC) No. 220, which defines it as: (IFAC, 2014)

"A process designed to provide an objective evaluation of the significant judgments made by the engagement team and the conclusions reached by the team in formulating the audit report, at or before the date of the report."

According to the aforementioned definitions, audit firm quality control can be defined as a process that is controlled by particular controls, which include the methods and procedures that must be followed, to guaranty that audits are carried out with a high degree of quality by qualified personnel, whether internal or external (a practice known as peer review), in order to evaluate the quality of the work delivered to clients.

2.1.2. The Importance of Audit Quality Control:

Adopting audit quality control policies and processes is essential for audit firms that want to keep clients who are prepared to pay fair costs for the services they receive and who demand high-quality work. Additionally, quality control increases the company's long-term profitability by preventing interactions with high-risk clients, with whom it is preferable to avoid doing business. (Bouderbala , 2014)

Additionally, the firm uses audit quality control as a way to make sure that the opinions presented in its audit engagements reflect conformity to regulatory requirements, internal professional standards set by the firm, and generally accepted auditing standards. Furthermore, as stated in the codes of professional conduct published by accounting authorities and organizations, quality control promotes adherence to the personal standards pertinent to an auditor's job. (Abd Elkarim , et al., 2014)

The following succinctly describes the significance of quality control: (Boudount, 2016)

- ✓ Assuring adherence to professional standards;
- ✓ assisting in closing the audit expectation gap;
- ✓ increasing the probability of identifying irregularities and errors in financial statements;
- ✓ mitigating agency conflicts;
- ✓ strengthening corporate governance;
- ✓ boosting the competitiveness of the audit firm;
- ✓ boosting trust in the audit report and financial statements.

2.1.2. Objectives of Audit Quality Control:

The following succinctly describes the goals of the quality control procedure: (Al-Shuhna, 2015)

- ✓ Ensuring that auditors follow standards of conduct and professional values, such as professional secrecy, objectivity, and integrity;
- ✓ Requiring audit companies and offices to hire individuals with the professional competence and technical requirements required to carry out audit tasks;
- ✓ Assigning audit activities and assignments to people who have the professional expertise and technical skills necessary for their particular positions;
- ✓ By directing, overseeing, and monitoring work at every stage of the audit process, audit companies can reasonably guaranty that their work has been carried out in compliance with the relevant quality standards.

2.2. Audit Quality Control Methods:

Professional associations and governmental regulatory organizations in numerous nations have been concentrating more on audit quality control due to its growing significance. They have developed a number of strategies and tactics to accomplish so, especially in light of the lack of precise guidelines outlining quality control practices in audit businesses. As a result, this talk will describe some of the strategies used by global organizations and local groups.

2.2.1. Self-Monitoring Method:

This includes the policies and processes that guaranty the attainment of the necessary performance quality in compliance with professional norms and requirements; it also involves confirming their execution and assessing their efficacy and sufficiency. The company uses two different forms of self-monitoring: (Metwally & Barakat, 2018)

- Monitoring of Firm Quality:

conducted by an independent management unit tasked with monitoring compliance with quality control policies and procedures for audit engagements and making sure they are carried out with a suitable degree of professional care.

- Oversight of Audit Team Members:

This depends on higher-level employees of the company supervising audit team members at lower organizational levels—a procedure known as supervision during the audit's implementation. The most seasoned team members constantly keep an eye on each other.

2.2.2. Method of Peer Review:

Peer review in this context refers to the process by which an external audit firm affiliated with a particular body examines and audits the work of another external audit firm affiliated with the same body; consequently, this method comprises assessing an audit firm's performance quality through one or more members from other audit firms. (Tayri , 2019)

The American Institute of Certified Public Accountants (AICPA) established peer review as a framework for inspecting, evaluating, and supervising audit firms' work in the United States. In order to confirm the caliber of audit engagements, this approach was modified in 2001 to incorporate three different kinds of reviews: (Aabi , 2016)

- **System Review:** Attempts to confirm that the company's quality control system for audit engagements is created in compliance with the American Institute of Certified Public Accountants' (AICPA) quality control standards and that these policies and procedures are successfully carried out as intended.
- **Review of Engagement:** aims to give the reviewer a foundation on which to evaluate the degree to which the auditor or audit company conforms with pertinent professional standards and to confirm that the firm's documentation complies with the standards for accounting services.
- **Review of the Report:** aims to support the auditor, who is hired by a customer to offer advisory services, in confirming the firm's compliance with the quality control system, reporting on the audit's findings, and guaranteeing that the assigned job is carried out with the best possible level of service.

2.2.3. The Approach of the Accounting and Auditing Oversight Board

The U.S. Congress passed the Sarbanes-Oxley Act to strengthen and restore public confidence in the profession and financial markets by reforming accounting and professional practices as well as corporate oversight mechanisms; the Accounting and Auditing Oversight Board was created to save the profession from a dire impasse. The Accounting and Auditing Oversight Board was established as one of the many regulations pertaining to the accounting profession that were adopted by this Act, which fundamentally altered the sector and its regulatory framework. (Messaoudi , 2019)

A. Legal Structure of the Council:

Under the direction of the Securities and Exchange Commission (SEC), the Council is an independent, nonprofit monitoring agency that works to improve the accuracy of audit reports by regulating the auditing profession and auditors (Fahim Sultan , 2012). The five members of the Council are well-known for their honesty and integrity, and they have enough understanding of the nature of financial disclosure as well as the obligations of auditors with regard to the creation and distribution of reports. The remaining seats are allotted to certified public accountants; the law restricts their participation to a maximum of two members. Three members are prominent personalities from outside the profession with experience and expertise in financial problems. Additionally, before becoming a member, the Council Chairperson is required by law to have stopped practicing their profession for at least five years. It also forbids members from earning any profits or payments from audit firms that are subject to inspection, with the exception of registration fees and yearly inspection fees, and mandates that they devote themselves entirely to carrying out the Council's responsibilities. (Al-Saeed Al-Wakeel, 2019).

B. Functions and Duties of the Council:

The Council shall perform the following duties and functions: (Qasim Al-Ahdal Abdulsalam, 2008)

- ✓ overseeing audit firms that are registered with it and prepare audit reports for joint-stock companies listed on the stock exchange;
- ✓ establishing and approving auditing standards, quality control standards, independence standards, professional conduct principles, and any other standards pertaining to the preparation of audit reports for joint-stock companies listed on the stock exchange;
- ✓ conducting investigations and related disciplinary proceedings, and applying suitable sanctions to audit firms registered with it and anyone connected to them;
- ✓ carrying out the tasks and responsibilities required and suitable for creating professional standards, enhancing the caliber of audit services offered by registered firms and the auditors employed by them, and

attending to other requirements for the implementation of this law, thus better safeguarding investors and the public interest;

✓ ensuring that audit companies that are registered with it-as well as anybody connected to them-comply with this law, the Council's regulations, professional standards, and securities laws when it comes to the creation and distribution of audit reports.

C. Conditions for falling under the Board's oversight:

Within 180 days of the Board's establishment, audit firms that audit companies registered with the Securities and Exchange Commission must register for membership. Therefore, auditing and issuing financial reports for corporations listed with the Securities and Exchange Commission is illegal for any individual or organization not registered with the Board. Additionally, an audit firm that is registered with the Board is required to furnish the Board with an annual report that details any modifications to the information submitted in the registration application as well as any modifications to information that the Board or the Securities and Exchange Commission requests. (Mazhar Ahmed, 2009)

D. The Council's responsibility regarding auditing standards and quality control standards:

In accordance with the authority assigned to it by law and the Capital Market Authority's regulations, the Council adopts standards put forth by professional bodies and retains the right to modify, amend, or change them as it sees fit to safeguard investors and the public interest.

Furthermore, the Council conducts inspections of audit firms to assess the extent to which these firms and their associated personnel comply with Capital Market Authority rules, professional standards governing their operations, and quality control standards, based on the following elements: (Mazhar Ahmed, 2009)

- ✓ Monitoring professional ethics and independence;
- ✓ Internal consultation, such as questions regarding accounting and auditing within the firm;
- ✓ Audit engagement supervision;
- ✓ Recruitment, professional development, and staff promotion;
- ✓ Client acceptance and retention;
- ✓ Internal inspection;
- ✓ Any other requirements specified by the Board.

The aforementioned makes it clear that independent regulatory monitoring, which is becoming more and more popular in many nations worldwide, has replaced peer review or self-regulation in the quality oversight of audit firms.

3. Second Pillar: International Standards for Audit Quality Control

In fact, audit quality cannot be attained without audit quality control standards, which are the first stage in the process and an essential tool for its improvement. As a result, experts have started working to control the auditing industry. The organization in charge of creating and publishing standards pertaining to auditing, assurance, related services, and quality control is the International Auditing and Assurance Standards Board (IAASB).

3.1. International Standard on Auditing 220 (ISA 220)

Establishing criteria for quality control in an audit firm with relation to audit engagements generally and work assigned to audit assistants is the goal of ISA 220 (Quality Control for an Audit of Financial Statements). In order to guaranty that audit engagements are carried out in compliance with relevant international or local standards, audit companies must establish quality control policies and procedures at the firm level. (Abd elSamad & Ben Azouaw, 2022)

The standard addresses the necessity of implementing quality control policies and procedures at two levels:

A. At the level of audit firms:

In other words, audit companies must implement quality control procedures at the level of the firm's partners offering audit services or, if applicable, the individual professional offering such services. The goals to be attained through suitable processes intended to offer a reasonable assurance of the following should be reflected in these policies:

- ✓ Professional Requirements: Employees must uphold the principles of integrity, objectivity, independence, confidentiality, and professional conduct;
- ✓ Skill and Competence: Audit organizations or firms should assign qualified personnel-possessing the necessary experience, skills, technical standards, and professional competence-to carry out the necessary tasks;

- ✓ **Assignment of Tasks:** Audit work must be entrusted to individuals who possess the necessary level of technical training and professional competence;
- ✓ **Direction and Supervision:** The audit firm has a reasonable assurance that tasks are carried out with the required quality; (Baidaa, 2019)
- ✓ **Consultation:** In order to resolve accounting or auditing concerns that arise throughout the audit process, audit firms should refer matters to a qualified professional with adequate experience and understanding;
- ✓ **Acceptance of New Clients and Retention of Current Clients:** In order to steer clear of clients that lack integrity or ethical character, audit companies should put policies and processes in place to guide choices on accepting new clients or keeping current ones;
- ✓ **Periodic Review of the Quality Control Program:** This process, which can be carried out by another audit firm or by the firm's own staff, attempts to confirm that the quality control program is being implemented. (Qasim Al-Ahdal Abdulsalam, 2008)

B. At the individual level:

For every audit engagement at the individual level, the auditor must implement quality control processes in accordance with the audit firm's policies and procedures. Additionally, when deciding how much guidance, supervision, and review each assistant needs, the auditor-as well as any assistants given supervisory duties-must take into account the professional competency of the assistants carrying out the work. This comprises the following: (Al-Duwaik, 2024)

- ✓ **Direction:** The audit program is a crucial instrument for giving the auditor's assistants the proper guidance during the engagement by outlining their roles and making clear the protocols to be followed when carrying out audit duties;
- ✓ **Supervision:** Both direction and the audit process itself are intimately related to supervision. The person given supervisory responsibilities carries out the following tasks:
 - Examining how the audit was carried out to confirm that assistants have the knowledge and abilities needed to complete their jobs; Examining and evaluating the importance of the accounting and auditing questions posed during the engagement;
 - Resolving professional disagreements among team members and assessing the degree of communication between them;
- ✓ **Review:** Every assistant's work must be examined by people with comparable professional expertise;
- ✓ **Monitoring:** Every assistant's work must be routinely observed

3.2. International Standard on Quality Control 1 (ISQC 1):

International Standard on Quality Control 1 (ISQC 1) was released in 2004 by the International Auditing and Assurance Standards Board (IAASB), a division of the International Federation of Accountants (IFAC). This standard covers a company's obligations with relation to its quality control system for financial statement audits and reviews, other assurance engagements, and associated service engagements. It applies to all audit firms, whether they are partnerships or lone practitioners, guaranteeing adherence to professional standards and relevant legal and regulatory requirements, as well as ensuring that the reports these firms produce are suitable. In areas like ethics, partner rotation, client acceptance, engagement quality control, and monitoring, the standard mandates that businesses set up a quality control system that guarantees the company and its employees adhere to legal obligations and professional standards. The chief executive of the company is ultimately in charge of the quality control system, and it also describes basic guidelines and practices pertaining to leadership and duties inside the company. (Sardouk, Aabi, & Ali Hussein, 2020)

The standard also outlines the elements of the quality control system that the firm must adopt and adhere to, including policies and procedures addressing the following elements: (IAASB, 2010)

- ✓ **Leadership duties for the company's quality:** The leadership of the company must create policies and practices that promote an internal culture that acknowledges quality as crucial to operational performance. Procedures must also be put in place to guaranty that anyone given operational responsibility for the company's quality control system has the necessary training, expertise, and power to carry out that obligation;
- ✓ **Ethical requirements:** The company must set up protocols that offer a reasonable level of assurance that the company and its employees adhere to ethical behavior standards;
- ✓ **Acceptance and continuance of client relationships and specific engagements:** The audit firm must establish procedures to evaluate the appropriateness of accepting a new client or retaining an existing client relationship, after verifying that the firm possesses the necessary capabilities;

- ✓ **Human resources:** The company must set up policies and procedures to give a reasonable guarantee that it has an adequate number of employees who are dedicated to ethical ideals and have the requisite skills and competencies;
- ✓ **Engagement performance:** In order to provide a reasonable level of assurance that engagements are carried out in compliance with professional standards and applicable regulatory requirements, as well as that the firm or the engagement partner issues reports that are appropriate under the circumstances, the firm must establish policies and procedures;
- ✓ **Monitoring:** The firm should establish a monitoring process designed to provide reasonable assurance that the policies and procedures relating to the quality control system are relevant, adequate, and operating effectively;
- ✓ **Documentation of the quality control system:** The firm should establish procedures requiring appropriate documentation to provide evidence of the operation of each element of its quality control system. Such documentation must be retained for a period sufficient to enable those performing inspections to evaluate the firm's compliance with the quality control system. Procedures must also be established to require the documentation of complaints and allegations, as well as the procedures for responding to them.

3.3. The difference between the International Standard on Quality Control (1) and International Standard on Auditing 220.

The difference between the International Standard on Quality Control (1) and International Standard on Auditing 220 can be illustrated by the following table:

Table 01: Difference between the International Standard on Quality Control and International Standard on Auditing 220

Comparison Scope	ISQC 1	ISA 220
I. Objective of the Standard	Regulating the performance of audit firms	Regulating the performance of auditors
II. Responsibility for Implementation	Firm owner or partner	Audit engagement partner
III. Standard Controls		
Control 1	Leadership responsibilities for quality within the audit firm	Leadership responsibilities for the quality of audits.
Control 2	Behavioral requirements	Relevant ethical requirements
Control 3	Acceptance and continuance of client relationships and specific engagements.	Acceptance and continuance of client relationships.
Control 4	Human resources	Assignment of engagement teams
Control 5	Engagement performance	Engagement performance
Control 6	Monitoring	Quality control for the audit engagement
IV. Scope of Application	Audit firms (covering all their services)	All auditors

Source: Dima Mazen Zafir, 'The Extent of External Auditors' Adherence to Quality Control Standards and Its Impact on Improving Their Professional Performance, Majester's Thesis, Department of Accounting and Finance, Islamic University, Gaza, 2012, p. 47.

4. Quality Control in Audit Firms in Algeria

Algeria has worked to promote the auditing industry, especially after the Financial Accounting System was implemented in 2010. It passed Law No. 10-01, which establishes a number of bodies, including a quality control committee, and defines and governs the accounting professions (Article 5). In accordance with Executive Decree No. 11-24, dated January 27, 2011, this committee's duties are as follows: (Official Gazette of the Algerian Republic, 2011)

- ✓ Developing methodologies regarding service quality;
- ✓ Providing opinions and proposing draft regulations concerning quality;

- ✓ Ensuring the quality of audit engagements entrusted to accounting professionals;
- ✓ Establishing standards governing the organization and management of professional firms;
- ✓ Developing measures to ensure the quality of services provided by professional firms;
- ✓ Preparing a list of selected professionals to carry out quality control assignments;
- ✓ Organizing seminars on the quality of work, professional ethics, and the conduct expected of professionals.

In addition, two quality control guides for accounting companies were released, outlining two forms of oversight: self-monitoring and oversight by the Quality Control Committee.

4.1. Self-regulation of audit firms:

On March 22, 2021, the Quality Control Committee released a self-monitoring guide for Algerian audit and accounting companies as part of quality control for professional businesses. According to this protocol, self-monitoring is: (CNC & CCQ, 2021)

- ✓ An internal substitute system that offers pertinent data and helps company staff comprehend and specify their roles during an audit;
- ✓ A way to effectively identify potential risks, evaluate those risks, and make sure mitigation strategies are in place;
- ✓ A process designed to find and assess any flaws found during file evaluations;
- ✓ A tactic that reduces the impact of hazards that could impede the accomplishment of goals by emphasizing information credibility and confidence rather than only self-diagnosis;
- ✓ An analytical and assurance tool that highlights strengths, flaws, and areas of progress made in accordance with accepted auditing standards and encourages the acquisition of further expertise through the self-monitoring process.

A. The Person in Charge of Self-Monitoring:

According to the guidebook, self-monitoring is both a group effort and a beneficial process for each individual. Its goal is to guaranty that tasks are carried out correctly in compliance with set guidelines and standards, with complete employee involvement in self-monitoring processes. Professionals can evaluate the caliber of their work and acquire experience through this procedure, which will enable them to manage assignments in the future with more credibility, integrity, and skill. (CNC & CCQ, 2021)

B. Self-Monitoring Organization:

Audit firms are required by the Quality Control Committee to base their operations on:

- ✓ The relevant legislative framework, particularly Algerian auditing standards, to guaranty appropriate disclosure to different stakeholders and to establish these standards as a crucial reference and auxiliary instrument for the audit procedure;
- ✓ A heavy emphasis on professional due care, which is demonstrated through sampling and the evaluation of risk levels that may affect the audit opinion; this method enables the foreseeing of any questions that quality control reviewers may ask.

C. Needs for self-monitoring:

These include the techniques and resources audit companies need to determine the degree of adherence to relevant standards, particularly: (CNC & CCQ, 2021)

- ✓ The company's resources, both material and human;
- ✓ Records and documents that the company has on hand;
- ✓ Understanding and command of the duties associated with the audit engagement;
- ✓ Current qualifications and professional qualities;
- ✓ The creation of information technology tools and communication strategies;
- ✓ The experience of the company.

The Algerian self-review guide has a flaw in that it only gives the practitioner doing the work the responsibility of self-evaluating quality. This is in contrast to the norm in many other nations, where self-review depends on an impartial committee of audit firm employees with the necessary impartiality and experience-a strategy that guaranties sufficient and efficient oversight. Additionally, the Algerian guidance only discusses one type of self-review-individual audit firm members reviewing their own work-while ignoring a second type, which involves reviewing the work of audit team members. (Abd elSamad & Ben Azouaw, 2022)

4.2. Oversight by the Quality Control Committee:

The Quality Control Committee's supervision method was established in a quality control manual published on March 22, 2021. This guidebook, which outlines the methods for carrying out quality control inspections, is a program that may be used by Algerian accounting and auditing professionals. It appoints the National Accounting Council as the supervisory body, giving it exclusive authority to oversee and direct the quality control process from its inception to the creation of preliminary and final reports that must be shared with the inspected enterprises.

A. The designated reviewer:

According to their respective professional categories, any certified accountant, statutory auditor, or expert accountant may be designated as a quality reviewer for a particular review cycle. The fundamentals of quality review interactions must be taught to quality reviewers. In addition, they must sign a commitment to uphold professional conduct norms, which include integrity, independence, neutrality, competence and professional care, confidentiality, and professional behavior. Whether working as a statutory auditor or in any other capacity, a reviewer is not allowed to examine the file of a company they work for. (Abd elSamad & Ben Azouaw, 2022)

B. Required Quality Assessment:

According to the handbook, the review is required; a chosen firm must assist in carrying out the periodic review and cannot disagree to it. Without using professional secrecy as an excuse for denial, the firm must give reviewers all the information they need to finish their assignment and any clarifications addressing any questions they want to delve more into. (CNC & CCQ, 2021)

C. Businesses Under Supervision:

The following criteria decide which companies are subject to the oversight process: (CNC & CCQ, 2021)

- ✓ The list of accounting and auditing professionals is used to pick the firms that will carry out the oversight, with consideration given to their organizational structure, operational scale, and development scope;
- ✓ In order to guaranty adherence to and compliance with the inspection frequency stated in the regulatory texts, a three-year rolling quality control program is established;
- ✓ The oversight plan is updated annually to take into account developments in how accounting and auditing professionals carry out their periodic oversight duties, while also serving as an opportunity to assess the level of oversight achieved.
- ✓ Offices are given a window of time for preparation and self-evaluation, and they are informed via mail when quality control will take place.

D. Follow-up Procedures:

Oversight follow-up procedures can be outlined as follows: (CNC & CCQ, 2021)

- ✓ The National Accounting Council may ask the firm to submit an improvement plan outlining the corrective actions meant to address identified weaknesses or request information about the recommendations made;
- ✓ the firm is given a reasonable amount of time to implement the recommendations resulting from the oversight process;
- ✓ the Council provides general recommendations to the firm's subject to oversight in its annual report when weaknesses found during the process are widespread.

It should be emphasized that the handbook only discusses the general principles of audit quality control, ignoring the particular firm-level practices used in this field. Another objection is that, in contrast to many other nations that have implemented a system that covers all active audit companies, only a small number of audit firms-selected based on particular criteria-are subject to inspection. Furthermore, the guide does not address the necessity that, in order to be appointed, the designated quality reviewer's professional qualifications be compared to those of the firm under evaluation.

5.Conclusion

As of the time this study was conducted, Algerian auditing standards had not established a particular quality control standard that applied to audit companies; instead, committees within professional organizations were tasked with this responsibility. The National Accounting Council's Quality Control Committee now oversees quality control for audit firms. On March 22, 2021, the committee released two quality control guides for accounting professionals' firms. Two forms of control were established by these manuals: self-evaluation and Quality Control Committee supervision.

5.1. Study Results:

Based on this study, we reached the following conclusions:

- ✓ In contrast to what is done in many other nations, the guidance gives the practitioner exclusive responsibility for self-monitoring for quality;
- ✓ The manual only discusses one kind of self-monitoring, in which each employee of an audit firm keeps an eye on their own work;
- ✓ It ignores the second kind of monitoring, which is keeping an eye on audit team members;
- ✓ The manual describes the broad concepts of audit quality control but ignores the particular firm-level monitoring practices used in this situation;
- ✓ One critique of the guidance is that, in contrast to the strategy used by many nations that establish a monitoring system encompassing all active audit companies, only specific audit firms—selected based on particular criteria—are subject to monitoring;
- ✓ As a requirement for appointment, the guide does not address the comparison of the firm being monitored professional qualifications with those of the appointed quality monitor.

5.2. Recommendations:

Based on the findings, we offer the following recommendations:

- ✓ the need to implement the International Standard on Quality Control (ISQC 1) in order to enhance Algerian audit firms' performance;
- ✓ Educating Algerian auditors on quality control techniques in accordance with the global approach adopted by professional associations that prioritize audit quality;
- ✓ The necessity of publishing regulation documents that offer comprehensive instructions for carrying out the specified requirements in addition to the two manuals;
- ✓ The need for local audit standards that address quality control in particular.

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