AUDIT QUALITY AND AUDITOR'S INDEPENDENCE

ADEBOYE, O. MOSES[1], JOSIAH, MARY[1] AND GBENGA EKUNDAYO[2]

[1]Accounting Department, Igbinedion University Okada,
College of Business and Management Studies.
[2]Department of Accounting, Oman College of Management and Technology,
Coolege of Administrative and Financial Science
majoel2003@yahoo.com
08037381270

ABSTRACT

The focus of the study is to look at the impact of auditor independence on audit quality. A sample of 2 hundred respondents consisting of internal auditors and practicing auditors was used for the study. The straightforward sampling technique was used because the study employs primary data for the study. The info was generated using well-structured questionnaire. alongside establishing face validity, the interior consistency reliability of the instrument was tested using Cronbach's alphas. Finally, the structural equation modelling (SEM) estimation technique was employed for the analysis of the info and therefore the test of the study hypothesis. The findings reveal that (i) Auditor perceived integrity features a significant impact on Audit Quality, (ii) Auditor perceived self- review threat features a significant impact on Audit Quality and (iii) Auditor perceived familiarity threat has no significant impact on Audit Quality. within the light of the study findings, the study recommends that there's need for auditors to enhance on integrity levels by abiding strictly with codes and ethics of the audit profession. The study recommends that there's the necessity for auditors to take care of conditions that make self-review threat especially the potential for economic dependence that ensues when the auditor is engaged in non-audit services provision for the client. The study also recommends that there's the necessity for auditors to be of high integrity and be objective when evaluating conditions that make self-review threat especially the potential for economic dependence when non-audit services on behalf of the client are administered.

Key Words: Integrity, Objectivity, and Professional Judgment

INTRODUCTION

Globally, concerns about audit quality are on the precedence for several decades and are exacerbated by cases of liquidation and fraud perpetuation in world-class companies whom the general public perceived as having quality auditors. Audit quality is defined in numerous ways in which link audit quality to the danger of failure to switch audit reports of monetary statements that contain material misstatements (Watkins, Hillison & Morecroft, 2004). Nevertheless, a widely used definition of audit quality is that by DeAngelo (1981), which states that the standard of audit service is that the market-assessed the likelihood of a given auditor determination in both (a) discover a break inside the customer's accounting and (b) give data about the break.

Independence of auditors. an equivalent view was also expressed by Enofe, Mbgame and Ediae (2013) that as auditor's independence increases, the standard of the audit also increases. Regulators recognize this and need auditors, through generally accepted auditing standards, to be independent in attitude in matters concerning

the audit. The auditor is bounded within a context that nearly naturally puts the audit function during a contest of independence. this is often because the utilization of external auditors generates workplace connection between the auditors (as operators) and consequently the proprietors (as administrators) clients.

Therefore, to realize auditor independence to the present end, regulators stress the importance of auditor independence actually (i.e. actual independence in mental attitude) also as in appearance. Independence actually or mind is that the psychological state that permits an auditor to perform his or her duties with integrity and objectivity, without being influenced by factors that would compromise his or her professional judgment. this idea is usually referred as "independence in fact".

Hence e██rts aimed toward improving audit quality consider the protection of auditor independence as very critical. within the light of the above, discourses on auditor independence and its impact on audit quality continues to be germane and requires continuous attention as their roles in ensuring audit quality is consistently embedded within an environment replete with risks which will significantly undermine the integrity of the audit process and this will be harmful to all or any stakeholder across the worth chain.

Consequently, the main target of the study is to look at the impact of auditor independence on audit quality. The inadequacy of indigenous studies examining this issue extensively provides a key motivation for the study.

Statement of the Problem

Auditor independence (AI) has been conceptualized into two aspects; independence actually and, in appearance. That is, independence alludes not exclusively to a mental condition of objectivity and absence of inclination on a part of auditors yet in addition to a "cheap" investor's impression of auditors' capacity of practicing objective and unbiased

judgment (SEC, 2000). Independence is that perspective that allows an auditor to lead a review with objectivity, trustworthiness and expert morals and independence in appearance which identifies with how informed clients see the auditor. Attempts at investigating the primary aspect of auditor independence has seen several studies using proxy measures like auditor tenure (Kealey, Lee, & Stein, 2007; Dao, Suchismita, & Raghunandan, 2008; Davis, Soo, & Trompeter, 2009) audit fee data, Non-audit service/fee data (Liu, Raghunandan, & Rama, 2007; Mitra, 2007;) and audit firm type as indicators that an auditor will conduct an audit with objectivity, integrity and professional conduct. The theoretical arguments following such studies have drawn inferences supported how these proxy measures are likely to a██ct auditor state of mind an objectivity because it a██cts the audit quality.

However, turning to the second aspect of auditor independence; "independence in appearance" or "Perceived auditor independence" which relates to how informed users perceive the auditor has not been examined to such extent and robustness because the first aspect. Abu Bakar, Abdul Rahman and Abdul Rashid (2005) affirm that auditors shouldn't just be independent really, they additionally got the opportunity to seem independent to budget users for their reports to be viewed as credible and reliable. but the changed regulatory systems have defined independence in appearance, the component of perceived auditor's independence have been analyzed by many studies. Though few studies on perceived auditor independence in Nigeria and that they generally specialise in the factors influencing AI Adeyemi and Okpala (2011), Adeyemi and Olowookere (2012) these studies didn't give any scholarly attention to the constituents of independence in appearance and also didn't check out them within the context of audit quality. Consequently, the study addresses this gap by employing Perceived auditor independence measures (perceived integrity, self-interest threat and familiarity threat).

Research Hypotheses

H01. Auditor perceived integrity has no significant impact on Audit Quality

H02. Auditor perceived self- review threat has no significant impact on Audit Quality

 H03. Auditor perceived familiarity threat has no significant impact on Audit Quality.

LITERATURE REVIEW

Audit Quality

There are many attempts to define the concept of audit quality either on professional organizations level, or academic level. On the professional organizations level: for instance, International Federation of Accountants (IFAC, 2009) pointed to the concept of auditing quality within the international standard on internal control. It stated that "the objective of the audit firm is to determine and maintain a system of internal control to supply it with reasonable assurance that: (a) The firm and its personnel suits professional standards and applicable legal and regulatory requirements; and (b) Reports issued by the firm or engagement partners are appropriate within the circumstances" (IFAC, 2009). this suggests that the concept of quality from the attitude of (IFAC) lies within the compliance with professional standards, legal and regulatory requirements.

Auditor Independence

Auditor independence has been ordinarily referenced as the foundation or the motivation of the evaluating calling (Gramling and Karapanos 2008). Independence is generally considered being one among the elemental principles hidden the auditor's work (Firth 1980). Pany and Reckers (1983) expressed that the idea of auditor independence firmly began from the method of reasoning for the presence of evaluating itself, which is that the requirement for solid financial statements and which justifies the presence of the overall population bookkeeping calling.

Be that as it may, throughout the years, experts and scholastics have battled to search out a definition for independence (Fearnley et al. 2005). DeAngelo (1981) defined independence as "the unexpected likelihood that the auditor will report a found break. This definition has been asserted in light of the fact that the most popular definition of independence (Fearnley et al. 2005) and has been refered to in a few earlier investigations. Watts and/

Zimmerman (1986) additionally expressed the likelihood that the auditors will report a found penetrate is e▇ctively the evaluating calling's definition of independence.

Auditor integrity

Integrity is a component of character that underlies the emergence of professional recognition. Integrity might be a quality that underlies altruistic trust and might be a benchmark for individuals in looking at all choices taken. Integrity requires a part to, in addition to other things, be honest and forthright without sacrificing the mysteries of the recipient of administrations and beneficent trust shouldn't be subjected by close to home increase (Mulyadi, 2014). Integrity can acknowledge unexpected mistakes and differences honestly, however can't acknowledge misrepresentation or annulment of standards, the upper the integrity that an auditor has, the greater quality the review are going to be. Integrity requires members to suits technical and ethical standards. This shows that with high integrity, the auditor can improve on the standard of audit produced. Audit quality are often achieved if the auditor has good integrity. The results of the study showed that integrity a▇cts audit quality (Annisa and Abdul, 2014). Auditors Familiarity Threat

External auditors clearly have the responsibility to use appropriate professional code of conduct throughout an audit engagement. Lack of professional ethics is really a cause to which audit failure has been directly attributed (ACRA, 2013; Glover & Prawitt, 2014)

According to the standards (IFAC, 2010), the auditor should obtain su▇cient appropriate

evidence about whether the topic matter information is freed from material misstatement (Framework, Section 39). In doing so, the auditor should plan and perform an audit with an attitude of professional ethics recognizing that circumstances may exist that cause the financial statements to be materially misstated (ISA 200:15). More specifically: an attitude of professional conduct means the auditor makes a critical assessment, with a questioning mind, of the validity of evidence obtained and is aware of evidence that contradicts or brings into question the reliability of documents and responses to inquiries and other information obtained from management and people charged with governance (ISA 200:16).

Perceived Self-Review Threat

These threats occur when the auditor has material or non-material interests with the client. These threats have e█ct on the auditor's independence. These threats include the advantages of his family with the client, the dependence on fees from just one client, the anxiety of losing the client, lending loans or receiving loans from the client, and conditional fees (Al Makademh, 2006; ICAEW, 2003; & Kaplan, 2004). The auditor should balance the advantages and threats when he provides non- auditing services to a client. consistent with Schmidt, (2012), the supply of non-assurance services to audit clients may create threats to independence, in mind or in appearance.

The self-review threats

is probably going to occur when previous judgment must be re-evaluated by the auditor liable for that judgment. needs to be re-evaluated by the auditor liable for that judgment. Normally, this example happens when auditors provide certain non-assurance services to their financial statements audit clients. consistent with Arens et al. (2008), a self-review threat could also be created and will influence any decisions in making judgments if a firm is involved within the preparation of accounting records and financial

statements which are subsequently audited by the firm. In such a situation, the auditor is failing to take care of an objective distance and isn't that specialize in the audit task at hand (Quick & Warming-Rasmussen 2005). additionally, during the audit, the auditor may ignore errors which are associated with advisory services or conceal consulting errors detected by audit work (Bartlett 1993). This financial dependency of the auditors is said to fee from non-audit services provided by the auditor. Examples of non-auditing services include appraisal services, actuarial services, bookkeeping, internal audit services, various modes of service industry, financial information design services, taxation services and legal advice (Austin and Herath, 2014). vices to an equivalent client (Kaplan, 2004).

Empirical Review

Astro, Taufiq and Tertiarto (2016) research aims to research and obtain empirical evidence about the e█ct of integrity on audit quality with auditor ethics as a moderating variable. the information used in this investigation are essential data acquired through questionnaires gotten from external auditors in South Sumatra, Indonesia. The sample utilized was 97 auditors. The scientific device used in this investigation was the multiple rectilinear regression examination with moderating variables which are assessed utilizing Ordinary Least Square (OLS). The consequences of the investigation show that the variables integrity significantly a█ct audit quality, positive influence.

Auditor ethics variables don't significantly moderate integrity to audit quality

Nawaiseh and Alnawaiseh (2015) study aims at identifying the consequences of threats on the auditor's independence of mind and appearance. Descriptive statistics measurements and analytical statistics (Paired samples test and a method ANOVA test) are wont to analyze the responses of 65 respondents from Jordanian auditors, and to check the hypotheses of the study. They represent 37 you look after auditors who registered in 189 Auditing firms in Jordan. The

researcher found that threats (Self-interest threats, Self-review threats, Advocacy threats, Familiarity or intimacy threats, and Intimidation threats) affect the auditor's independence of mind and appearance, and therefore the variables of speciality and knowledge don't have an impact within the auditor's awareness of the importance of the consequences of threats on his independence. The study recommends that auditors should know the consequences of threats on auditor's independence, and will abide with the principles of professional behavior, and exercise the acceptable defensive procedures against these threats.

Tahir and Hamid (2018) study aims to look at the connection between auditor's independence and ethical judgment which affects audit quality in Malaysia setting. A trial with 116 auditors and investors was directed to see whether changes in auditors' independence threats will reliably build the auditors' ethical judgments level. This investigation incorporates four kinds of independence threats to be specific personal circumstance, nature, self-survey and terrorizing threats to watch the outcomes on auditors' ethical judgments. The findings uncovered that there's a significant negative connection between terrorizing danger and ethical judgment and an insignificant positive connection between different kinds of auditors' independence threats on ethical judgments.

Suryandari and Yuesti (2017) study aimed to look at the effect of workload, characteristics of auditors of the professional skepticism and therefore the ability to detect fraud. Myers Briggs Type Indicator (MBTI) was wont to classify the personality of the auditor. Respondents during this study were obtained from the 37 auditors publicly firm registered in Bali. Data collection methods during this research use a questionnaire. The analysis tool used is Partial Least Square (PLS). This study shows that the variable workload and therefore the sort of personality don't affect the professional skepticism and fraud detection ability of auditors. While variable auditors experience has affect positive on professional skepticism and fraud detection ability of auditors.

Sayed Hussin, Iskandar, Saleh and Jabar (2017) study employs a field experiment to look at the connection between professional skepticism, experience, and time spending pressure on auditors' evaluation of danger of misstatement. also, the investigation looks at the directing effect of experience and time spending pressure on the association between proficient wariness and auditors' appraisal of hazard from material misstatements. This examination utilizes a multiple correlation analysis on 248 auditors from both Big4 and non-Big4 firms. The outcomes show that proficient incredulity and information have positive effects while time spending pressure includes a negative effect on auditors' evaluation of hazard from material misstatements; and in this manner the positive effect of expert wariness on auditors' appraisal of hazard from material misstatement appeared to be more grounded among experienced auditors than that among less experienced. On the contrary hand, the positive effect of expert suspicion on hazard evaluation is more vulnerable when auditors work under time spending pressure than that once they work under low time spending pressure.

METHODOLOGY
Population, Sample and Sampling Techniques
The population of this study comprised of internal auditors in the public establishments. internal auditors are chosen in light of the fact that by prudence of their capacities and duties, they are bound to have the option to rapidly distinguish instances of extortion in the association and consequently stakeholders may anticipate that inside inspectors should be capable see the early admonition signs. A sample of two hundred respondents consisting of internal auditors and practicing auditors with audit firms that have been practicing for at least ten years was used for the study. The simple random sampling technique was used as the sampling technique.

Methods of Data Collection

This study utilized the self-administered questionnaires as the research instrument which will then be distributed to the respondents and the necessary information. All research instruments despite the fact that they have been used previously in other climes to some extent were all subjected to the reliability and validity testing before been used for data collection and interpretation.

3.6. Model specification

The model specification for the study adapts those of Nawaiseh and Alnawaiseh (2015). The model for the study is specified below

AUDQ= f (Auditor independence)   (i)

Decomposing equation 1 into the perceived independence measures and specifying the econometric form of the models, we have;

AUDQ= $\partial 0 + \partial 1$ API + μit   (ii)

AUDQ= $\partial 0 + \partial 1$ APST + μit (iii)

AUDQ= $\partial 0 + \partial 1$ APF + μit   (iv)

Where

AQ= Audit quality API=Perceived Auditor integrity

APST= Auditor perceived self-review threat

APF= Auditor Perceived familiarity

μ = error term

ANALYSIS OF RESULT

Confirmatory Factor Analysis (CFA)

In SEM system, the use of confirmatory factor investigation (CFA) in measurement model is to test whether   /

the information fit a hypothesized measurement model which depends on speculations in past writing. CFA is

typically used as the first venture to survey a structured measurement model in SEM since it is a hypothesis driven examination that assesses the consistency between from the earlier speculations and the boundary gauges in the relations between watched factors and dormant factors. On the off chance that CFA shows the helpless confirmation of a measurement model, at that point the consequences of SEM will demonstrate a poor fit,

the model will be dismissed, and the boundary appraisals will be unexplainable.

Table 1: CFA for Audit Quality Measurement Model

Fit statistic	Value Description
Likelihood ratio	
chi2_ms(2)	60.148 model vs. saturated p > chi2	0.000
Population error	
RMSEA	0.342 Root mean squared error of approximation 90% CI, lower bound	0.271 upper bound	0.419
pclose	0.000 Probability RMSEA <= 0.05
Baseline comparison	
CFI	0.827 Comparative fit index
Size of residuals	
SRMR	0.076 Standardized root mean squared residual CD	1.000 Coefficient of determination

Source; STATA 13

The fit statistics for the measurement model for the audit quality measurement model is presented in table 4.1 above and as observed earlier, the ensuring a good fit for the measurement model is a core basic framework for their subsequent usage in the full structural model. Audit quality has four basic factor measurement. Namely, AUD-1, AUD-2, AUD-3 and AUD-4. The contents of each is seen in the questionnaire (appendix 1). The fit statistics for the 4-factor measurement model shows the chi-square value of 60.5 which is significant at the 0.05 level. The p-value is 0.00 suggesting that the model fitted the data acceptably in our population. Other fit indices included the comparative fit index (CFI) = 0.827, and RMSEA = 0.342 with p-value of 0.000 which indicates statistical significance. The Standardized root mean squared residual at 0.076 is low and all these statistics confirm the measurement fit of the Audit quality-4 factor model.

Table 2: CFA for Auditor Self-review threat (APST) Measurement Model

Fit statistic | Value Description
--------------------+-----------------------
Likelihood ratio |
chi2_ms(9) | 57.782 model vs. saturated p > chi2 | 0.000
--------------------+-----------------------
Population error |
RMSEA | 0.148 Root mean squared error of approximation 90% CI, lower bound | 0.113
upper bound | 0.185
pclose | 0.000 Probability RMSEA <= 0.05
--------------------+-----------------------
Baseline comparison |
CFI | 0.738 Comparative fit index TLI | 0.564 Tucker-Lewis index
--------------------+---------------------
Size of residuals |
SRMR | 0.078 Standardized root mean squared residual
Source; STATA 13

The fit statistics for the measurement model for APST model is presented in table 2. The fit statistics for the 5- factor APST model reveals that the chi-square value of 57.78 is statistically significant at 5% which again indicates that the model fitted the data acceptably well. The CFI is 0.735 which is satisfactory as it maintains

closeness to 1, the RMSEA of 0.145 with p-values of 0.000 is statistically significant and confirms the model fit. /

The Standardized root mean squared residual at 0.078 is low and all these statistics confirm the measurement

fit of the APST factor model.

Table 3: CFA for Auditor Perceived Integrity (API) Measurement model

Fit statistic | Value Description
--------------------+--------------------------
Likelihood ratio |
chi2_ms(2) | 182.11 model vs. saturated p > chi2 | 0.000

--------------------+---------------------
Population error |
RMSEA | 0.031 Root mean squared error of approximation 90% CI, lower bound | 0.401
upper bound | 0.616
pclose | 0.000 Probability RMSEA <= 0.05
--------------------+---------------------
Baseline comparison |
CFI | 0.894 Comparative fit index
--------------------+---------------------
Size of residuals |
SRMR | 0.052 Standardized root mean squared residual CD | 1.000 Coefficient of determination
Source; STATA 13

The fit statistics for the measurement model for Auditor perceived integrity (API) measurement model is presented in table 3. The fit statistics for the factor reveals that the chi-square value of 57.78 is statistically significant at 5% which again indicates that the model fitted the data acceptably well. The CFI is 0.894 which is satisfactory as it maintains closeness to 1, the RMSEA of 0.145 with p-values of 0.000 is statistically significant and confirms the model fit. The Standardized root mean squared residual at 0.078 is low and all these statistics confirm the measurement fit of the 5 factor model

Table 4: CFA for Auditor perceived familiarity threat Measurement Model

Fit statistic | Value Description
--------------------+-----------------------
Likelihood ratio |
chi2_ms(2) | 102.50 model vs. saturated p > chi2 | 0.000
--------------------+---------------------
Population error |
RMSEA | 0.004 Root mean squared error of approximation 90% CI, lower bound | 0.401
upper bound | 0.616
pclose | 0.000 Probability RMSEA <= 0.05
--------------------+-----------------------
Baseline comparison |
CFI | 0.994 Comparative fit index
--------------------+-----------------------

Size of residuals |
SRMR | 0.005 Standardized root mean squared
residual CD | 1.000 Coe█cient of determination

Source; STATA 13

The fit statistics for the measurement model for
the Auditor perceived familiarity threat
measurement Model is presented in table 4. The fit
statistics for the 5-factor model reveals that the
chi-square value of 102.50 is statistically
significant at 5% which again indicates that the
model fitted the data acceptably well. The CFI is
0.994 which is satisfactory as it maintains
closeness to 1, the RMSEA of 0.004 with p-values
of 0.000 is statistically significant and confirms
the model fit. The Standardized root mean squared

residual at 0.005 is low and all these statistics
confirm the measurement fit for the model.

Structural Equation Modelling (SEM)

The SEM is employed in this study to examine the
causal relationships. Averaging the scores for a
scale was the method used to create a single value
for each of the observed variables in the
performance model. The measurement model and
then the full structural model were tested using
each data set. Maximum likelihood (ML)
estimation method is su█ciently robust to perform
well even when data are non-normal and the model
is misspecified. Therefore, the robust maximum
likelihood (RML) method was used to estimate
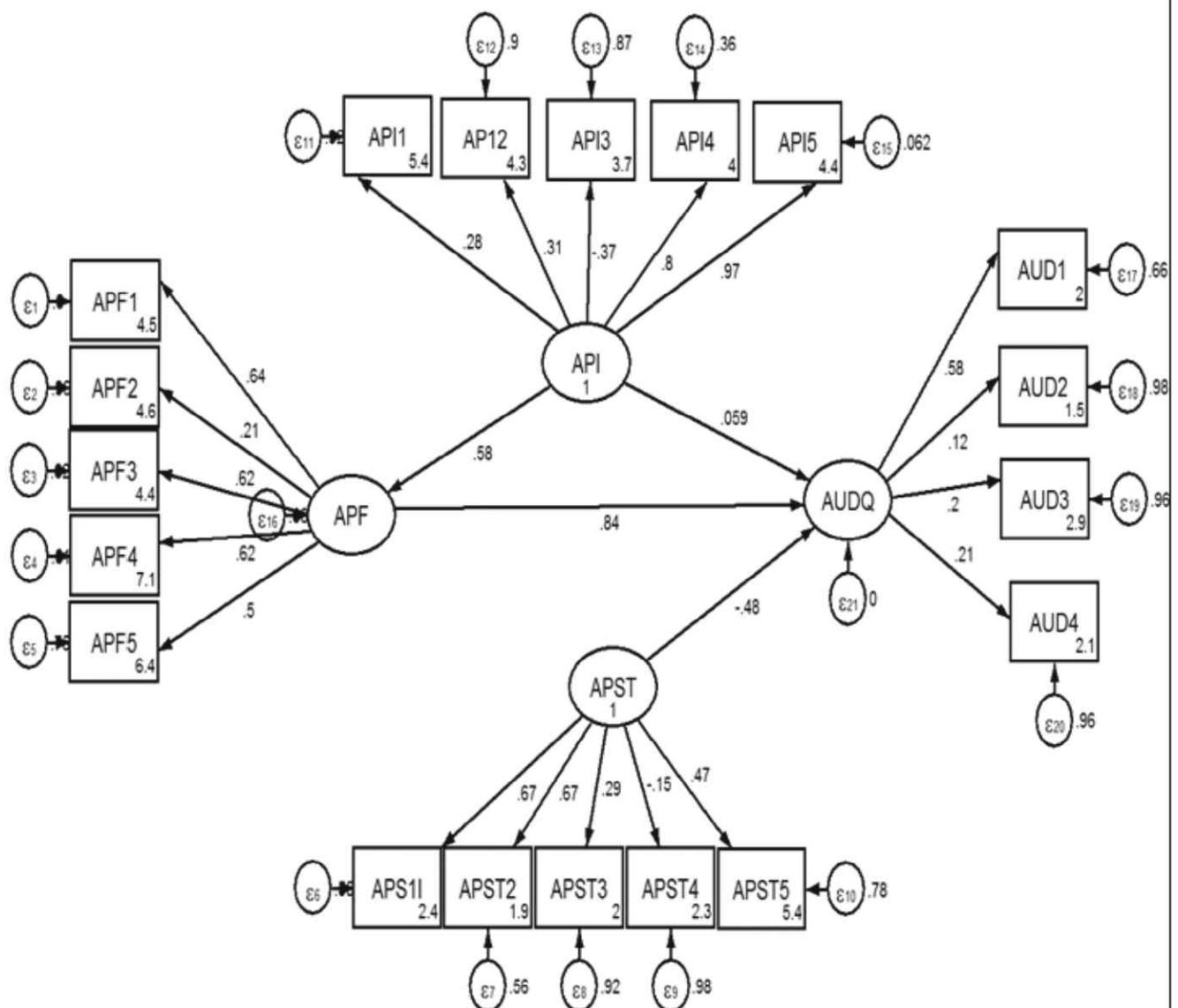parameters for /

this model and fit indices.

Figure 1: Structural Equation Model for Determinants of VTC Path Analysis Coefficient Standard Error P-value

Path Analysis		Coefficient	Standard Error	P-value
APF	AUDQ	0.84	0.3893	0.443
APST -0.	AUDQ 48		0.3325	0.003
API	AUDQ	0.059	0.2001	0.002
Fit statistics				
R^2 = 0.829.				
Comparative fit index = 0.903.				
RMSEA= 0.054,				
SRMR: 0.0356				
Chi square= 997.524 (0.000)				

Source; STATA 13

The structural model has an overall R2 is 0.829 which implies that the structural equations model explains about 82.9% of the systematic variations in the dependent variable. The full structural model was then tested and again to assess the fitness. The chi-square goodness-of-fit statistic of 997.524 indicate a reasonable model fit which is statistically significant at 5%. This is further supported by the RMSEA which is 0.054 and CFI which stood at 0.901. The fit indices confirm the primary hypothesis that the overall model is valid and that measures of auditor independence role drives the audit quality system. This is further supported by the RMSEA which is 0.054 and CFI which stood at 0.903. The fit indices confirm the primary hypothesis that the overall model is valid. Looking at the path analysis, in this regard, we observe that the Auditor perceived integrity has a positive (0.059) and significant (0.002) at 5%. This implies that increases in auditor integrity will result in an increase in the audit quality. The direct effect of auditor perceived self-review (APST) is negative (-0.4802) and significant (p=0.000) which suggest that increase in conditions that create self-review threats will result in a significant decline in audit quality. The direct effect of auditor perceived familiarity has a positive effect (0.8401) though not significant (p=0.443) which suggest that increase in conditions that create familiarity for the auditor do not necessarily have

a significant effect on the audit quality.

Discussion of Results and Hypothesis Testing

Auditor Integrity and Audit Quality

Auditor perceived integrity has a positive (0.059) and significant (0.002) at 5%. This implies that increases in auditor integrity will result in an increase in the audit quality. Consequently, the null hypothesis that H01. Auditor perceived integrity has no significant impact on Audit Quality is rejected at 5%. Integrity is a component of character that underlies the rise of professional acknowledgment. Integrity is a quality that underlies open trust and is a benchmark for individuals in looking at all choices taken. Integrity expects auditors to consent to technical and ethical standards. This shows with high integrity, the auditor can improve the quality of audit created. Audit quality can be accomplished if the auditor has great integrity. The aftereffects of this study showed that integrity affects audit quality and the findings are supported by those Annisa and Abdul, (2014). Similarly, Auditors are encouraged to consistently improve the information they as of now have with the goal that the utilization of information can be augmented practically speaking. The finding is additionally upheld by that of Wardayati, (2016). This conclusion is fortified by the consequences of exploration directed by Annisa and Abdul (2014), Wardayanti (2016) and Astro, Taufiq and Tertiarto (2016).

Auditor Familiarity Threat and Audit Quality

The direct effect of auditor perceived familiarity has a positive effect (0.8401) though not significant (p=0.443) which suggest that increase in conditions that create familiarity for the auditor do not have a significant effect on the audit quality. Consequently, the null hypothesis that H02. Auditor perceived familiarity has no significant impact on Audit Quality is accepted at 5%. The finding is supported by Tahir and Hamid (2018) for the Malaysia context and also Razana, Zuraidah, Rashidah and Normah (2013) though in contrast to Nawaiseh and Alnawaiseh (2015) which found that familiarity threats affect the

auditor's independence of mind and appearance which then influences the audit quality.   /
Perceived Self-Review Threat and Audit qualityThe direct e▮ct of auditor perceived self-review (APST) is negative (-0.4802) and significant (p=0.000) which suggest that increase in conditions that create self-review threats will result in a significant decline in audit quality. Consequently, the null hypothesis that H01. Auditor perceived integrity has no significant impact on Audit Quality is rejected at 5%. These threats occur when the auditor has material or non-material interests with the client. These threats have e▮ct on the auditor's independence. These threats include the benefits of his family with the client, the dependence on fees from only one client, the anxiety of losing the client, lending loans or receiving loans from the client, and conditional fees (Al Makademh, 2006; ICAEW, 2003; & Kaplan, 2004). According to Schmidt, (2012), the provision of non-assurance services to audit clients may create threats to independence, in mind or in appearance. The self-review threat is likely to occur when previous judgment needs to be re-evaluated by the auditor responsible for that judgment. Normally, this situation happens when auditors provide certain non-assurance services to their financial statements audit clients.

According to Arens et al. (2008), a self-review threat may be created and could influence any decisions in making judgments if a firm is involved in the preparation of accounting records and financial statements which are subsequently audited by the firm. In such a situation, the auditor is failing to maintain an objective distance and is not focusing on the audit task at hand (Quick & Warming-Rasmussen 2005).

CONCLUSION
Summary of Findings
i.   Auditor perceived integrity features a significant impact on Audit Quality
ii.   Auditor perceived self- review threat features a significant impact on Audit Quality
iii.   Auditor perceived familiarity threat has no significant impact on Audit Quality. Conclusion Auditor independence has and remains getting a lot of scholarly and regulatory attention inside the wake of corporate collapses in both developing and develop nations. This is regularly in light of the fact that auditors frequently give certain functions which can likely threaten their objectivity and cause users to doubt that they're capable of rendering fair opinions. In many developing countries independence compromise is basically a significant challenge facing regulatory authorities, professional bodies and Government. within the light of the above, discourses on auditor independence and its impact on audit quality continues to be germane and requires continuous attention as their roles in ensuring audit quality is consistently embedded within an environment replete with risks which will significantly undermine the integrity of the audit process and this will be harmful to all or any stakeholders across the worth chain. Consequently, the main target of the study is to look at the impact of auditor independence on audit quality. The findings reveal that (i) Auditor perceived integrity features a significant impact on Audit Quality, (ii) Auditor perceived self- review threat features a significant impact on Audit Quality and (iii) Auditor perceived familiarity threat has no significant impact on Audit Quality. Recommendation
In the light of the study findings, the subsequent recommendations are made;
Firstly, the study finding reveals that Auditor perceived integrity features a significant impact on Audit Quality and hence the study recommends that there's need for auditors to enhance integrity levels by abiding strictly with codes and ethics of the audit profession.
Secondly, the study finds that Auditor perceived self- review threat features a significant impact on Audit Quality. Consequently, the study recommends that there's the necessity for auditors to take care of conditions that make self-review threat especially the potential for economic dependence that ensues when the auditor is engaged in non-audit services provision for the

client.

Thirdly, the study found that Auditor perceived familiarity threat has no significant impact on Audit Quality. Consequently, the study recommends that there's the necessity for auditors to take care of conditions that make self-review threat especially the potential for economic dependence that ensues when the auditor is engaged in non-audit services provision for the client.

REFERENCES

Abu Bakar, N. B., Abdul Rahman, R. A., & Abdul Rashid, H. M. (2005). Factors influencing auditor independence: Malaysian loan officers' perceptions. Managerial Auditing Journal, 20(8), 804-822

Accounting and Corporate Regulatory Authority ,(2013), Practice Monitoring Program: Seventh Public Report, http://www.acra.gov.sg/uploadedFiles/Content / Publications/Reports/2013_07_30_PMP Report2013Clean.pdf

Adeyemi, S. B., & Okpala, K. O. (2011). Stakeholders' perception of the independence of statutory auditors in Nigeria. Serbian Journal of Management, 6(2), 247-267.

Adeyemi, S. B., & Olowookere, J. K. (2012). Non-Audit Services and Auditor Independence-Investors'. Asian Social Science 10(4)14-30

Ahmed, A. (2014). Auditors" perceptions of audit firm rotation impact on audit quality in Egypt. Journal of Accounting and Taxation. 6(1), 105-120.

Al Makadmh, A. (2006). Factors influencing the auditor's response to the desire of the customer accounting services. Journal of Accounting and Management and Insurance, 1(1).

Astro, K. Y., Taufiq, M., & Tertiarto, W. (2016). The effect of competence, experience, independence, due professional care, and auditor integrity on audit quality with auditor ethics as moderating variable. Journal of Accounting, Finance and Auditing Studies, 5(1), 80-99.

Austin, E., & Herath, S. K. (2014). Auditor independence: A review of literature. International Journal of Economics and Accounting, 5(1), 62–74.

Australian Securities & Investments Commission (ASIC), (2010). 'Report 192: Audit inspection program public report for 2008–09, Retrieved from http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-192-audit-inspection-program-public-report-for-2008-09/

Bartlett, R. W. (1993). A scale of perceived independence: new evidence on an old concept. Accounting, Auditing & Accountability Journal, 6(2), 52-67.

Dao, M., Suchismita, M., & Raghunandan, K. (2008). Auditor tenure and shareholder ratification of the auditor. Accounting Horizons, 22(3), 297-314.

DeAngelo, L. E. (1981). Auditor size and audit quality. Journal of Accounting and Economics, 3(3), 183-199.

Enofe, A. O., Mbgame, C. O., & Ediae, O. O. (2013). Audit quality and auditors independence in Nigeria: An empirical evaluation. Research Journal of Finance and Accounting. 4(11), 131-138.

Fearnley, S., Beattie, V., & Brandt, R. (2005). Auditor independence and audit risk: A reconceptualisation. Journal of International Accounting Research 4(1), 39-71.

Glover, S. M., & Prawitt, D. F. (2014). Enhancing auditor professional skepticism: The professional skepticism continuum. Current Issues in Auditing, 8(2), 1-10.

Gramling, A. A., & Karapanos, V. (2008). Auditor independence: A focus on the SEC independence Rules. Issues in Accounting Education, 23(2).

ICAEW (2003). Audit Fees Survey. The Institute of Chartered Accountants in England and Wales, Retrieved from World Wide Web:

International Federation of Accountants (2009). IFAC Comment Letter: Transparency of Firms that Audit Public Companies: Consultation Report, Retrieved from http://web.ifac.org/publications/ifac-policy-position-papers-reports.

International Federation of Accountants (2010) IFAC response to the European Commission green paper on audit policy: Lessons from the crisis, Retrieved from http://www.ifac.org/sites/default/files/publications/files/european-commission-s-gre.pdf

Kaplan, R. L. (2004). The mother of all conflicts: Auditors and their clients. Journal of Corporation Law, 29(2), 363–383.

Kealey, B. T., Lee, H. Y., & Stein, M. T. (2007). The association between audit-firm tenure and audit fees paid to successor auditors: Evidence from Arthur Andersen. Auditing, 26(2),95-116.

Mitra, S. (2007). Non-audit service fees and auditor independence: Empirical evidence from the oil and gas industry. Journal of Accounting, Auditing & Finance, 22(1), 85-107.

Mulyadi, A. (2012). Auditing. 6th. Edition. Jakarta: Salemba Empat Publishing Agency

Nawaiseh, M., & Alnawaiseh, M. (2015). The effects of the threats on the auditor's independence. International Business Research, 8(8), 141-150.

Pany, K., & Reckers, P. M. J. (1983). Auditor independence and non-audit services, Journal of Accounting and Public Policy, 2(1), 43-62.

Quick, R., Warming-Rasmussen, B. (2005). The impact of MAS on perceived auditor independence-some evidence from Denmark. Accounting Forum, 29(1), 137-168.

Sayed Hussin, S. A. H., Iskandar, T. M., Saleh, N. M., Jaffar, R. (2017). Professional skepticism and auditors' assessment of misstatement risks: The moderating effect of experience and time budget pressure. Economics and Sociology, 10(4), 225-250.

Suryandari, N. N. A., & Yuesti, A. (2017). Professional scepticism and auditors ability to detect fraud based on workload and characteristics of auditors. Scientific Research Journal, 5(9), 109-115.

Tahir, F. M., & Hamid, M. A. (2018). **Auditors' independence and auditor ethical judgements: evidence from Malaysia.** International Journal of Industrial Management (IJIM), 4(1), 1-12.

Watkins, A.L. & Hillison, W & Morecroft, S.E. (2004). Audit quality: a synthesis of theory and empirical evidence. Journal of Accounting Literature. 23(2) 11-23

Watts, R., & Zimmerman, J. (1986). "Positive Accounting Theory". Englewood Cliff, NJ: Prentice Hall.