

Vaicekauskas Darius

ANALYSIS AND EVALUATION OF AUDIT SERVICE QUALITY IN LITHUANIA

The article investigates audit service quality in the market of Lithuania. The aim of the article is to analyse and evaluate the quality of audit services provided by Lithuanian audit companies (both, operating nationally and locally), while disclosing main areas where audit quality should be improved.

The empirical research of the article was carried on while using an expert judgement method. The group of experts consisted of specialists involved in audit quality assurance system of Lithuania (members of Audit quality control committee, Audit public oversight committee, etc.). The experts have evaluated the audit quality in Lithuania while using the model of criteria presented in theoretical part of the article..

The results disclose that compliance with the ethical requirements, quality monitoring and clients acceptance and continuation are the main areas within the audit firms' quality control systems where improvements should be made. On the level of audit engagement team, audit quality can be improved while strengthening team members' knowledge about auditees business industries, exercising professional skepticism and involving audit partners more actively in the engagements.

Keywords: *audit quality, auditor's report, criteria, audit firm, audit engagement team.*

Introduction. In order to improve the reliability of audited financial statements and increase the confidence of investors and other third-side users, it is important to analyse, evaluate and increase the quality of independent external financial audit services (further – audit quality). In this article the quality of audit is investigated in the conditions of Lithuanian audit service market. Last couple decades the topic of audit quality has been extensively covered in foreign literature (J. R. Francis, 2011; W. R. Knechel ir k.t., 2012; Cameran ir k.t., 2003; Woodland, Reynolds, 2003; Behn ir k.t., 1997, etc.), however, there is a lack of relevant researches in Lithuania.

The aim of the article is to analyse and evaluate the quality of audit services provided by Lithuanian audit companies (both, operating nationally and locally), while disclosing main areas where audit quality should be improved. In the theoretical part of the article the author investigates more in details one of the concept on which the audit quality can be analysed – the concept of accurate auditor's report. Based on the concept analysis, main audit quality criteria are determined and further used in the empirical research.

The empirical research of the article was carried on while using an expert judgement method. The group of experts consisted of specialists involved in audit quality assurance system of Lithuania (members of Audit quality control committee, Audit public oversight committee, etc.). The experts have evaluated the audit quality in Lithuania while using the model of criteria prepared. While interpreting the results, statistical instruments, like Cronbach alpha and Kendall concordance coefficient, were used.

Developing a model of audit quality criteria. It is difficult to properly define audit quality due to the triangular relationships, as the quality of audit service can be differently assessed and evaluated by different service users, such as third-side users, audit clients or even the regulators. W. R. Knechel et al (2012) present

interesting interpretations of audit quality relying on different users of the service. Accordingly to the authors, third-side users can relate audit quality with the absent of material misstatements within the audited financial statements. Auditor, on the other hand, can link the term “audit quality“ with a level of conformity to his firm's audit methodology that he has achieved while conducting the audit. Thirdly, an audit firm can relate audit quality with the possibility to successfully advocate their work performed at a mandatory audit quality inspection performed by the regulatory bodies. Formally through the approach of conformity with the auditing standards the quality of audit can be perceived by standards issuers and regulators. Finally, W. R. Knechel et al (2012) state, from the perspective of the society, the audit quality can be perceived in a very broad sense, that this, the quality audit must effectively prevent the auditees, as well as the whole markets (investors, bankers, etc.), from the economic problems.

A decent amount of audit quality studies are focused on the accuracy of auditor's reports (Vaicekauskas, Mackevičius, 2014). Auditor's report is a document in which auditor presents, beside the other matters, his opinion about the financial statements, whether they are presented in accordance with the applicable accounting framework. An accurate auditor's report provides a particular guarantee of the reliability of the financial reporting for those interested, implying whether the financial statements show company's financial position and results as they are in reality (Lakis, 2007). Also auditor's report expands financial accounting functions and ensures the reliability of the results in financial statements, and informs whether company's accounting policies are met (Deumes et al., 2010). This value increase the confidence in audited financial statements which serve as a basis for economical decisions. Inaccurate, misstated auditor's report does not perform this function or performs it inappropriately.

The accuracy of auditor's report is inversely proportional to residual audit risk, that is, the possibility to not detect material misstatements after the audit procedures are conducted, although the material mis-

statements still may manifestate in the financial statements. W. R. Knechel et al (2012) state that residual audit risk is always an issue during the each audit due to the high amounts of transactions which cannot be tested entirely. Such entire testing also would be inefficient in terms of cost spent. These arguments lead auditor to perform an audit sampling, that is, to rely on the results of the samples taken in order to conclude on the entire population. Performing the procedures, auditors also can make some working errors which are influenced by the three types of risks they face in each audit engagement: inherent, internal control and detection risks. The risks are connected with each other inversely – the higher the inherent and internal control risks, the lower detection risk auditor can allow. The results, how auditor was able to manage the detection risk, affect the accuracy of auditor's reports. This allows us to state that the accuracy of auditor's report, that is, the audit quality, depends on factors affecting all types of audit risk.

Factors affecting residual audit risk and audit quality have been studied extensively by various authors (Cameran ir k.t., 2003, Francis, 2011, Woodland, Reynolds, 2003, Knechel ir k.t., 2012, Behn ir k.t., 1997). The factors can be analysed while distinguishing them into two groups: audit firm and audit engagement team factors. Since the auditor's report is issued on behalf of audit firm and signed by auditor in charge, the responsibility for misstated auditor's report (low quality audit) also should be addressed to audit firm, as well as auditor in charge and his engagement team. Based on this, the classification of audit quality factors into these two groups can be seen as valid and reflecting the mutual responsibility for the quality of audit work performed.

Audit firm quality factors can be analysed in two ways: whether they increase (affect audit quality negatively) or decrease (affect audit quality positively) the residual audit risk. The researchers (Brooks ir k.t., 2012, Cameran ir k.t., 2003, Francis, 2011, Romanus ir k.t., 2008) investigate individual factors affecting the accuracy of auditor's report, thus lacking more in-depth systematic approach on the problem. The problem can be analysed using the approach proposed in 1st International standard on quality control. International Auditing and Assurance Standards Board presents the framework for quality control system within an audit firm which can be seen as a whole, consisting of audit firm factors, which well managed can positively affect audit quality. The standard setters point out the following factors (in standard's terminology – elements):

1. Leadership responsibilities for quality within the firm. The firm shall establish policies and procedures designed to promote an internal culture recognizing that quality is essential in performing engagements.

2. Relevant ethical requirements. The firm shall establish policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements.

3. Acceptance and continuance of client relationships and specific engagements. The firm shall establish policies and procedures for the acceptance and continuance of client relationships and specific

engagements, designed to provide the firm with reasonable assurance that it will only undertake or continue relationships and engagements where the firm can conduct audit in a proper way.

4. Human resources. The firm shall establish policies and procedures designed to provide it with reasonable assurance that it has sufficient personnel with the competence, capabilities, and commitment to ethical principles necessary to perform engagements in accordance with professional standards and applicable legal and regulatory requirements and enable the firm or engagement partners to issue reports that are appropriate in the circumstances.

5. Engagement performance. The firm shall establish policies and procedures designed to provide it with reasonable assurance that engagements are performed in accordance with professional standards and applicable legal and regulatory requirements, and that the firm or the engagement partner issue reports that are appropriate in the circumstances.

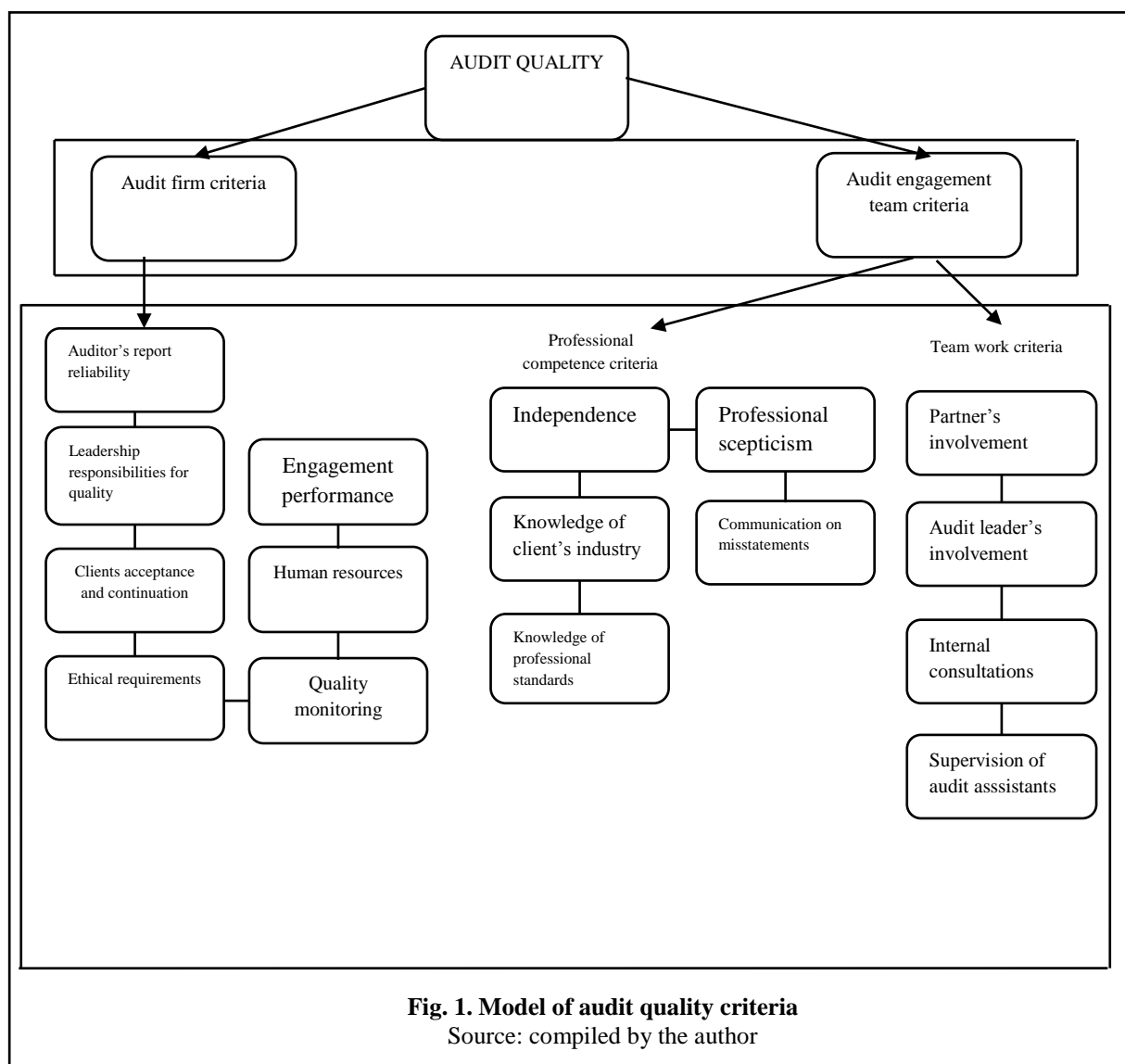
6. Monitoring. The firm shall establish a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively.

The effect of distinguished factors on audit quality can be explained as follows. Clients acceptance and continuation, as well as engagement performance, have a positive effect on the detection of material misstatements, since the first factor shows what kind of risk level an audit firm accepts, the second one – how the risk is mitigated during the engagement. The reaction on the misstatements and the level of independence depends on the factors of ethical requirements and leadership responsibilities for quality within the firm. The management of human resources and quality monitoring have an impact on personel competence and the timely improvement of the quality control system, which in turn increase the efficiency of the engagement performance. In such manner the quality control system's factors affect each other and ensure the accuracy of the auditor's reports issued.

It is difficult to argue that the accuracy of audit results as well as the work performed significantly depends on the auditors' competence. The professional competence of auditors has a positive effect on the quality of audit evidence gathered, on their evaluation and finally – the reports issued (Mackevičius, 2009, Lakis, 2007, Bell ir k.t., 2008, Bennet, Hatfield, 2013, Financial Reporting..., 2006). Since auditors tend to work in teams, that is, an audit engagement is conducted by a group of professional with different experience and skills, it is reasonable to state that the quality of audit also depends on various teamwork factors. Audit engagement can be seen as a unique project with its limited resources, deadlines set and a group of executing professionals. Organizations working in teams face new challenges, first of all related with the quality of their work and its management. Based on these thoughts and on the analysis of scientific literature (Hatfield, 2013, Behn ir k.t., 1997, Carcello ir k.t., 1992, Dassen, 1995), the audit firms factors can be

supplemented with the audit engagement team factors, such as: (1) partner's involvement in the engagement, (2) audit team manager's involvement in the engagement, (3) the oversight of audit assistants, (4) consultations within the audit team, (5) knowledge of client's

industry, (6) independence, (7) communication on misstatements, (8) knowledge of professional standards and (9) professional skepticism. In the context of quality evaluation and measurement, these factors can be seen as audit quality criteria (refer to 1 figure).



It can be seen from the Figure 1, 16 criteria are proposed to analyse and evaluate audit quality. The criteria are presented in two groups: 7 audit firm and 9 audit engagement team criteria (5 of which are related with professional competence, 4 – with team work) are distinguished. The criteria reflect the characteristics of desirable audit results (the reliability of auditor's report), as well as the audit process (conduction of the engagement, exercising the professional scepticism, etc).

In order to validate the distinguished criteria the initial evaluation was performed by 8 experts (4 of them – audit practitioners working in international audit firms, 3 – audit scientists, 1 – representative of regulatory body). The group was asked to present their views on the audit quality criteria model and to rank the criteria from most important to least important. The results of rankings were used to determine the relative

importance (weights) of each criterion. The model was approved and the weights were determined successfully, as the model was used further in the main research.

Research methodology. The methodological approach and research methods applied in particular study are determined by the problem of the research. In order to directly evaluate audit quality (using the concept of accurate auditor's report), it is necessary to:

1. Have in-depth expertise of auditing standards and relevant laws.
2. Have an opportunity to access to audit working papers.
3. Have an opportunity to communicate with the auditors on the engagement conducted.
4. Have a relevant experience and immaculate reputation to be allowed to perform the above-mentioned tasks (Vaicekauskas, 2013).

Due to the stated reasons and related limitations it is impossible to directly evaluate audit quality, unless the researcher is auditor-controller or other member of regulatory bodies having the above-mentioned rights and competence. In such cases, when quality of some particular subject cannot be evaluated directly, the evaluator tries to find surrogates, that is, alternative ways to "capture" quality and herewith to reduce his quality perception costs (DeAngelo, 1981).

The costs of perceiving the quality can be reduced attracting the experts who can analyse the problem due to their competence. Nowadays the method of expert judgement is very common in business and economics, when various new technologies or politics are under the question (Benjamin et al, 2004). According to M. Yousuf (2007), the expert judgement method is useful and appropriate in the study when historical information is not available, is limited or ethical or confidential boundaries do not allow the researcher directly analyse the problem. Expert judgement method simply can be presented as a summarized opinion of experts' group (panel), based on the experts' knowledge, experience and intuition. The process of expert judgement consists of the following steps: (1) selection of the experts, (2) determination of the experts' group size, (3) evaluation of the problem, (4) experts' opinions compatibility assessment.

Opinions how to define what is an expert and how many experts should participate in the research differ. It is reasonable to agree with P. Benner (1984), stating that experts must have an expertise of the phenomenon being researched, as well as they must have a relevant experience in order to achieve the expertise during the year of activities in the field. However, each problem and its specifics determine criteria for selection of experts, but it is important to assure that experts selected would provide the necessary information and knowledge, which would not be accessed while using other research methods. N. Burns, S. K. Grove (2007) suggest to organize the group consisting of 5 – 10 experts if the agreement of experts is sought as desirable result.

Based on the stated arguments, the research on audit quality is conducted while using expert judgement method. The main evaluation was performed by 12 experts connected with the system of audit public oversight in Lithuania. 4 groups of specialists were determined as appropriate to analyse the problem of audit quality: (1) specialists from Audit oversight division (division of Authority of audit and accounting) (2) members of Audit quality control committee, (3) members of Audit Supervisory Committee and (4) auditors-controllers. What are the experts' function in their professional activities and how they are related with audit quality issues are disclosed in the 1 table below (see 1 table).

Table 1. The structure of experts group

<i>Experts</i>	<i>Experts' functions related with the audit quality</i>	<i>Quantity of experts</i>
Specialists from Audit oversight division, Authority of audit and accounting	Through the audit investigations, the AAA has the right to inspect directly all auditors and audit firms registered in Lithuania and with the help of the Audit supervisory committee to issue compulsory regulations in this field.	5
Members of Audit quality control committee	Audit quality control committee - it is a committee within the structure of Lithuanian Chamber of Auditors. The committee is in charge of various audit public oversight functions, for instance: initiate and submit for approval the plan of forthcoming audit quality reviews; consult auditors controllers on audit quality issues; investigates the reports provided by auditors-controllers, etc.	3
Members of Audit supervisory committee	Audit supervisory committee as an advisory body is created in the Authority of audit and accounting. The Audit supervisory committee performs the following main functions: - considers draft regulations on public audit oversight prepared by the Authority; - examines the reports of audit quality review and expresses its opinion on the proposed disciplinary penalties or instructions; - examines the reports of the audit investigation	3
Auditors-controllers	In order to assure the quality of carried out audit, the Lithuanian Chamber of Auditors organises the quality reviews of carried out audit. Quality reviews of the carried out audit shall be performed by the auditors-controllers who must be approved by the Authority of Audit and Accounting on the recommendation of the Lithuanian Chamber of Auditors.	1
Total		12

Source: compiled by the author

As it can be seen from the 1 table, 12 experts have agreed to participate in the research. Due to the provided arguments that the selected specialists to

some extent participate in mostly all oversight activities related with audit quality (quality reviews, quality investigations, assignation of penalties, etc.),

the experts can be evaluated as suitable for the research. The experts were asked to evaluate audit quality in Lithuania while using the questionnaire based on the distinguished audit quality criteria.

Opinions of experts often differ. If the decision based on the experts evaluation shall be taken, it is necessary to assess the compatibility of the opinions, which can be calculated using the coefficient of Kendall concordance (see formulas 1, 2) (Podvezko, 2005):

$$W = \frac{12S}{m^2(k^3 - k)}$$

Formula (1), applicable for scale with all different ranks.

$$W = \frac{12S}{m^2(k^3 - k) - m\sum_{j=1}^m T_j}$$

Formula (2), applicable for scale which allows to assign the same ranks.

Variables in the formulas:

W – ratio of concordance.

S – the sum of deviations from the mean.

m – the number of different assessments sets (the number of experts),

k – the number of ranked objects.

T – number of repetitive ranks in the row

The coefficient can variate from 0 (no compatibility) to 1 (perfect compatibility). Statistically significant value of the coefficient can be seen as a validation for decision making and concluding (Podvezko, 2005).

During the expert judgement, it is also important to assess the reliability of the questionnaire and the scales used. Cronbach alpha coefficient is suitable for this procedure if the questionnaires are based on Likert-type questions. According to L. B. Shelby (2011), the values from 0,8 show high reliability of the scale. Cronbach alpha coefficient is calculated as follows (see formula 3 (Pūkėnas, 2009):

$$\alpha = \frac{k}{k - 1} \times \left(1 - \frac{\sum_{i=1}^k S_i^2}{S_p^2} \right)$$

Variables in formula (3):

k – number of questions.

S_i^2 – variance of scores on each question.

S_p^2 – total variance of overall scores on entire test

The group of experts were asked to fill-in the questionnaire consisting of 16 questions: 3 choice questions, 12 – based on 5 point Likert scale, 1 – open question. Further in this article will be presented the results of answers to questions related with: (1) the

concept of audit quality, (2) the accuracy of auditor's reports in Lithuania, (3) quality control firms within the audit firms and (4) professional competence and teamwork of audit engagement teams.

Results of the research. The experts were asked to describe auditor's reports issued by Lithuanian audit firms. Five possible answers were provided to choose from. The following results based on the answers can be presented. Auditor's reports issued by Lithuanian audit firms can be perceived as reliable, with the paragraphs of qualification if necessary, however, at some instances having some minor disconformities to formal requirements (6 experts have chosen this answer – it is the most frequent answer). In the scale provided only one answer could characterize auditor's reports at higher quality: "very reliable, without deficiencies, based on a appropriate and sufficient evidence, with qualification paragraphs if necessary". None of the experts have assigned this kind of evaluation. The second most frequent chosen answer (it was chosen by 5 experts) was "reports of average reliability, at times lacking the paragraphs of qualification". One expert has stressed that auditor's reports in Lithuania are often unreasonably unqualified. Summing up the answers, it can be said that auditor's reports in Lithuania above the average level of reliability, but they still cannot be evaluated as very reliable – some issues with the misstated opinions still arise. In order to increase the chances to avoid the misstatements, the changes within the quality control systems should be made.

The following question was directed to the efficiency of audit firms' quality control. Six statements representing 6 elements of quality control system were presented. The statements were expressed as metaphors. For instance, leadership's responsibilities within the audit firm was expressed as "good tone at the top", client acceptance and continuation – as "appetite of client risk", etc. The statements were formulated in most desirable, positive meaning, for example, "audit leaders set good tone at the top". The experts were asked to express their agreement in the 5 point Likert scale (1 – absolutely disagree, 5 – absolutely agree). Their average evaluations were multiplied from the weights of each quality control criterion, assigned by the first group of experts (refer to the 1st part of the paper), in order to get a better picture of each criterion effectiveness in comparison with other criterion within the same quality system (refer to 2 figure).

Figure 2 shows the disconformities (from how it should be and how it is actually) in percents between the maximum and factual evaluation. It also shows a comparison between the relative importance of each criterion and its deviation from maximum evaluation. It can be seen that with the biggest percentage of disconformity were evaluated following criteria: relevant ethical requirements, quality monitoring and client acceptance and continuation (disconformity of 36,6%). Best evaluation is assigned to the most important – accurate auditor's report – criterion (disconformity of 20%), the second is the engagement performance (25%), third – leadership's (management's) responsibilities for

the quality within the audit firm (25%). Although the lowest evaluation is assigned for least important criteria, all criteria were evaluated within the range of 63% - 80% (that is, "the element functions at 63% - 80% of its maximum efficiency"). It might be stressed that the experts were quite sceptical towards the efficiency of quality control systems, that is, whether they reduces the

risk of misstatements in auditor's report at high level – only eight answers from 72 maximum possible answers (12 experts x 6 statements) were "totally agree with with the statement" (11% of all answers chosen). Although the scale of the question is reliable (cronbach alpha=0,74), the experts opinions on the subject are not agreed (W=0,11, not significant).

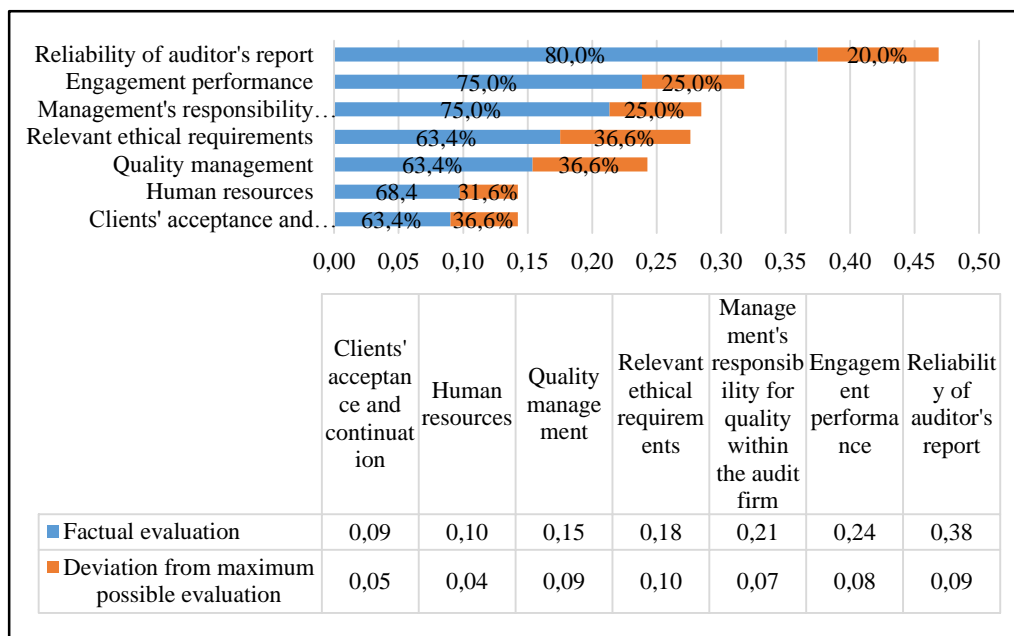


FIG 2. Audit firm criteria evaluation

Source: compiled by the author

In order to investigate relatively low evaluations the following questions about the each element of quality control systems were asked. The questions were focused on the policies and procedures within the elements. It was sought to gain the knowledge, which procedures and policies should be improved or used more often in order to increase the quality of audits. The following improvements should be considered.

Making the clients acceptance and continuation element more effective, the auditors should increase the communication with prior client's auditors, address more attention to client's business changes and more carefully assess the integrity of client's (potential or current) owners and management. Opinions of the experts are agreed (W=0,17, statistically significant), the answers are reliable (alpha=0,82). In order to achieve higher conformity with ethical requirements, the auditors should assign the workers responsible for oversight of ethical behaviour, invest in more in-depth courses of ethics and improve the ethical standards (guides) used in their firms. Opinions of the experts are agreed (W=0,27, statistically significant), the answers are reliable (alpha=0,86). During the engagement performance more focus should be provided to client's risk assessment and substantive testing. Quality reviews, performed by the partner in-charge or independent reviewer, in practice are often performed formally, without actually over-viewing the most important decisions taken during the engagement. Opinions of the experts are agreed (W=0,58, statistically significant), the answers are quite reliable (alpha=0,68).

Changes within the quality control systems should start from an improvement of management's responsibility for quality within the audit firm. It can be stated that management of Lithuanian audit firms rely on the principle of "quantity over quality" and do not apply an effective methods of audit pricing, while determining audit prices not always adequate for work needed to perform. Such tone at the top aggravate the functionality of other quality control system elements. Opinions of the experts are agreed (W=0,29, statistically significant), the answers are reliable (alpha=0,85).

Within the element of human resources the main emphasis on improvements of career management should be put in order to solve the problem of high turnover of auditors. The experts have agreed on this question (W=0,30), providing reliable answers (alpha=0,70).

In order to improve audit quality on the level of audit engagement team, team members should enrich their knowledge of client's industry and excersice more professional scepticism. Team leading members – partners in charge – should be more involved in the engagement while assessing client's risks, planning the response and overseeing the audit process. The average evaluations of audit engagement team criteria were multiplied from the weights of each criterion, assigned by the first group of experts (refer to the 1st part of the paper), in order to get a better picture of each criterion effectiveness in comparison with other criterion within the same group (refer to 3 figure).

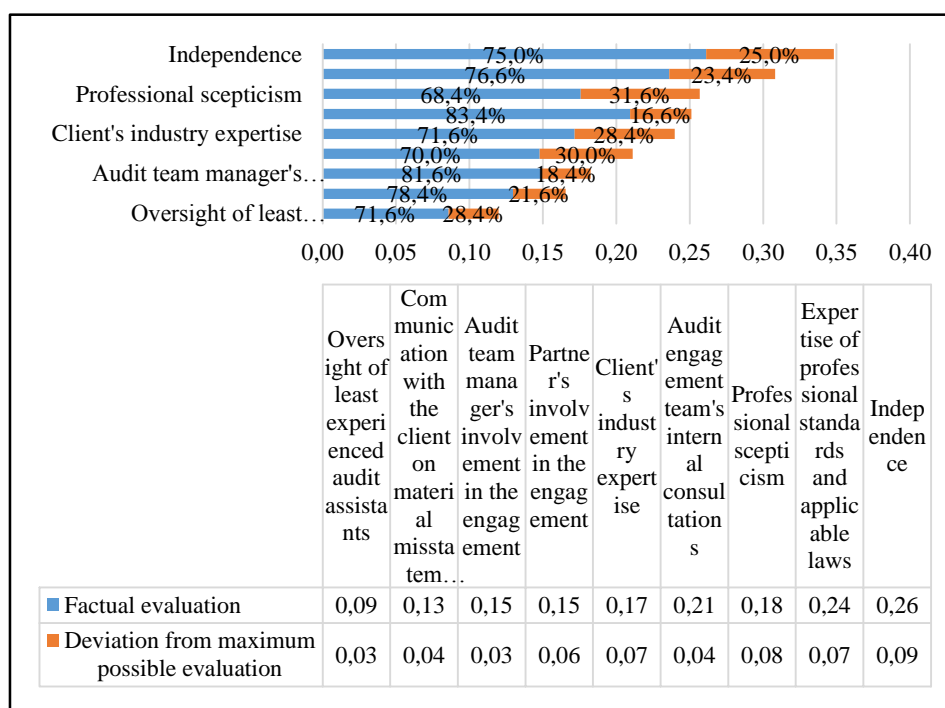


FIG 3. Audit engagement team criteria evaluation

Source: compiled by the author

It can be seen from the figure 3 that the following three criteria are implemented at the highest level: during the engagement performance team managers are involved actively (deviation – 18,4%), the internal communication within the team is effective (16,6%) and team members have sufficient knowledge of professional standards and laws (23,4%). The biggest deviations are seen while analysing professional scepticism (31,6%), partner's involvement in the engagement (30%), knowledge of client's industry (28,4%) and oversight of less experienced audit assistants (28,4%). Such results imply that audit team members tend to rely on clients oral explanations, provided documentations, instead of additionally inquiring and examining the evidence more sceptically (lack of scepticism), what may lead to collection of inappropriate and insufficient audit evidence. The problem of poor quality evidence may be caused by the inappropriate oversight of unexperienced assistants. Due to the partner-in charge being insufficiently involved in the engagement and lack of client's industry knowledge, inaccurate and wrongfull planning decision may be taken and risky areas may be overlooked. Opinions of the experts are agreed ($W=0,29$, statistically significant), the answers are reliable ($\alpha=0,85$).

Conclusions

1. The biggest attention in audit quality definition is given to the auditor's report. An accurate auditor's report provides a particular guarantee of the reliability of financial reporting for those interested, implying whether it shows a company's financial position and results as they are in reality; it expands financial accounting functions and ensures the reliability of the results in financial statements, and proves whether the company's accounting policies are met.

Based on the accurate auditor's report conception, audit quality is proposed to evaluate while using 16 criteria, divided into two groups: audit firm and audit engagement team. 7 audit firm's and 9 audit engagement team's criteria (5 – professional competence, 4 team work) are distinguished. The criteria reflect the characteristics of desirable audit results (the reliability of auditor's report), as well as the audit process (conduction of the engagement, excercising the professional scepticism, etc). The appropriatness and weights of the criteria are approved and assigned by the mixed experts group of audit practitioners and scientists.

2. Based on the justified audit quality criteria model, the quality of audit services in Lithuania was evaluated while using an expert judgement method. The following experts have participated in the research: 5 specialists from Audit oversight division (the division of Authority of audit and accounting), 3 members of Audit quality control committee, 3 members of Audit supervisory committee and 1 auditor-controller (12 experts in total).

The following results of the research carried on can be presented. Auditor's reports issued by Lithuanian audit firms can be perceived as reliable, with the paragraphs of qualification if neccessary, however, at some instances having some minor disconformities to formal requirements. The evaluation of particular elements of quality control systems within the Lithuanian audit firms (whether the elements are working properly) fluctuates from 63 per cent to 80 per cent (when 100 per cent is the highest possible evaluation, depending on criteria weight and factual assessment). These results show that the quality of audits in Lithuania does not reach the highest marks and there is a need of improvements within the quality control system to do. The following improvements should be considered:

- Making the clients acceptance and continuation element more effective, the auditors should increase the communication with prior client's auditors, address more attention to client's business changes and more carefully assess the integrity of client's (potential or current) owners and management.

- In order to achieve higher conformity with ethical requirements, the auditors should assign the workers responsible for oversight of ethical behaviour, invest in more in-depth courses of ethics and improve the ethical standards (guides) used in their firms.

- During the engagement performance more focus should be provided in client's risk assessment and substantive testing. Quality reviews, performed by the partner in-charge or independent reviewer, in practice are often performed formally, without actually overruling the most important decisions taken during the engagement.

- Changes within the quality control system should take a start from an improvement of manage-

LIST OF REFERENCES

1. Behn, B. K., Carcello, J. V., Hermanson, D. R., Hermanson, R. H. 1997. The Determinants of Audit Client Satisfaction among Clients of Big 6 Firms. *Accounting Horizons*, 11 (1), p. 7-24.
2. Bell, T. B., Doogar, R., Solomon, I. 2008. Audit Labour Usage and Fees Under Business Risk Auditing. *Journal of Accounting Research*, Vol. 46, No. 4, p. 729-760.
3. Benjamin, C. O., Archibold, E., Suarez, T. 2004. Using expert panels to evaluate new technology. *Journal of the Academy of Business and Technology*, Vol. 4, No. 1, p. 38 – 49.
4. Benner, P. 1984. *From Novice to Expert: Excellence and Power in Clinical Nursing Practice*. Addison-Wesley: California, 307 p.
5. Bennett, G. B., Hatfield, R.C. 2013. The Effect of the Social Mismatch Between Staff Auditors and Client Management on the Collection of Audit Evidence. *The Accounting Review*, Vol. 88, No. 1, p. 31-50.
6. Brooks, L. Z., Agnes, C. C., Reichelt, K. J. 2012. Audit Firm Tenure and Audit Quality: Evidence from U.S. Firms. Prieiga per internetą: <http://dx.doi.org/10.2139/ssrn.2037659> (žiūrėta: 2013-08-01).
7. Burns, N., Grove, S. K. 2007. *Understanding Nursing Research, Building an Evidence-based Practice*. Saunders Elsevier: St Louis, 4th edition, 586 p.
8. Cameran, M., Livatino, M., Pecchiarie, N., Vigano, A. 2003. A Survey of the Impact of Mandatory Rotation Rule on Audit Quality and Audit Pricing in Italy. *Proceedings of the European Auditing Research Network Symposium*, p. 1 – 12.
9. Carcello, J. V., Hermanson, R. H., McGrath, N. T. 1992. Audit Quality Attributes: The Perceptions of Audit Partners, Preparers and Financial Statement Users. *Auditing: A Journal of Practice and Theory*, 11 (1), p. 1-15.
10. Dassen, R. J. 1995. *Audit Quality: An empirical study of the attributes and determinants of audit quality perceptions*. Doctorals thesis. Maastricht: Riksuniversiteit Limburg, 215 p.
11. DeAngelo, L. E. 1981. Auditor size and audit quality. *Journal of Accounting and Economics* 3, p. 183-199.
12. Deumes, R. 2010. The Value of Audit. Prieiga per internetą: <http://ebookbrowse.com/marc-value-of-audit-report-2010-pdf-d328614215> (žiūrėta: 2013-01-03).
13. Financial Reporting Council. 2006. *Promoting Audit Quality. Discussion Paper*. Prieiga per internetą: <http://www.frc.org.uk/about/promotingauditquality.cfm> (žiūrėta: 2012-02-18).
14. Francis, J. R. 2011. A framework for understanding and researching audit quality. *Auditing: A Journal of Practice & Theory* 30 (2), p. 125-152.
15. Knechel, W. R., Krishnan, G. V., Pevzner, M., Shefchik, L., Velury, U. 2012. Audit Quality Indicators: Insights from the Academic Literature. Prieiga per internetą: <http://ssrn.com/abstract=2040754> (žiūrėta: 2012-07-19).
16. Lakis, V. 2007. *Audito sistema: raida ir problemos*. Vilniaus universiteto leidykla. Monografija, 386 p.
17. Mackevičius, J. 2009. *Finansinių ataskaitų auditas ir analizė*. TEV, 388 p.
18. Podvezko, V. 2005. Agreement of expert estimates. *Ūkio Technologinis ir Ekonominis Vystymas*, 11:2, p. 101-107.
19. Pukėnas, K. 2009. *Kokybinių duomenų analizė SPSS programa: mokomoji knyga*. Kaunas: Lietuvos kūno kultūros akademija, 94 p.
20. Romanus, R. J., Maher J., Fleming, D. M. 2008. Auditor industry specialization, auditor changes, and accounting restatements. *Accounting Horizons* 22 (4), p. 389-413.
21. Shelby, L.B. 2011. Beyond Cronbach's Alpha: Considering Confirmatory Factor Analysis and Segmentation. *Human Dimensions of Wildlife*, Mar/Apr2011, Vol. 16 Issue 2, p. 142-148.
22. Tarptautinių audito ir užtikrinimo standartų valdyba. 2009. 1-asis tarptautinis kokybės kontrolės standartas „Audito įmonių, atliekančių finansinių ataskaitų auditą ir peržiūrą bei vykdančių kitas užtikrinimo ir susijusių paslaugų užduotis, kokybės kontrolė“, galiojantis nuo 2009 m. gruodžio 15 d. (lietuvių kalba). Prieiga per internetą: <http://lar.lt/www/new/page.php?204> (žiūrėta: 2014-11-23).
23. Vaicekuskas, D. 2013. *Audito kokybės tyrimų rūšys: privalumai ir trūkumai*. Buhalterinės apskaitos teorija ir praktika, mokslo darbai, 14 tomas, p. 30 – 41.
24. Vaicekuskas, D., Mackevičius, J. 2014. Developing a framework for audit quality management in audit firms. *Zeszyty Teoretyczne Rachunkowosci*, tom 75 (131), SKwP, Warszawa 2014, p. 171 – 193.
25. Woodland, A. M., Kenneth Reynolds, J. 2003. *Restatements and Audit Quality*. Working paper. Louisiana State University.
26. Yousuf, M. I 2007. Using Experts' opinion through Delphi Technique. *Practical Assessment, Research and Evaluation*, 12(4), p. 1-8.

ment's responsibility for quality within the audit firm. It can be stated that management of Lithuanian audit firms rely on the principle of “quantity over quality” and do not apply an effective methods of audit pricing, while determining audit prices not always adequate for work needed to perform. Such tone at the top aggravate the functionality of other quality control systems elements.

- In the element of human resources the main emphasis on improvements of career management should be put in order to solve the problem of high turnover of auditors.

- In order to improve audit quality on the level of audit engagement team, team members should enrich their knowledge of client's industry and exercise more professional scepticism. Team leading members – partners in charge – should be more involved in the engagement while assessing client's risks, planning the response and overseeing the audit process.