THE ROLE OF AUDITOR INDEPENDENCE IN THE RELATIONSHIP BETWEEN MANDATORY AUDITOR ROTATION AND AUDIT QUALITY: ACRITICAL REVIEW OF LITERATURE.

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1.0 ABSTRACT

This paper aimed at reviewing literature on the effect of mandatory auditor rotation on audit quality by bringing out the mediating effect of auditor independence on this relationship. The review utilized published papers and articles on various accounting, auditing and finance journals. The arguments that relate to auditor rotation and tenure revolved around promoting audit quality by enhancing auditors' independence. While long auditor tenure is aimed at gaining an understanding of the client entity operations leading to improved audit quality, short audit tenure is aimed at curbing the familiarity threat that can impair auditor's independence by bringing the fresh eye perspective to the audit that can lead to improved audit quality. From the literature it is evident that some countries have implemented mandatory auditor rotation policy while for others audit firm/partners rotation is voluntary. The results of the audit firm/partner rotation effect on audit quality are mixed and inconclusive. As such our conclusion is that the mixed results together with the regulatory changes by most governments and regulators provide a gap for future studies on mandatory auditor rotation, auditor independence and audit quality. Specific concern on how auditor independence mediates this relationship.

2.0 INTRODUCTION

2.1 Origin and development of Accounting discipline.

Accounting as a discipline can be traced back to ancient times, but its theoretical aspect started being given consideration in 1494 for the first time, when the method of dual recording of transactions was described by Luca Pacioli, the Venetian theologian and mathematician in his book ―The Sum of Arithmetic, Geometry, Proportions and Proportionality. Many organizations worldwide rely on accounting for the provision of information to aid in the rational decision-making process. This information is likened to an organization's map. Accordingly, decision makers are guided by accounting information in the determination of where the organization was, where it is, and where it will be by measuring the activities of an organization taking into account the money associated with these activities.

From Mesopotamia we get the first sign of accounting dating back to the period between 3500 BC -2000 BC where the code of Hammurabi and traders price quotations were given consideration. This signified symbolized accounting. According to Schmandt-Besserat (2015), Mesopotamia farmers invented a system of symbols for the purpose of counting and calculating the goods they produced. A variety of symbols were developed with different shapes representing the different types of agricultural goods and services that were traded. Sphere shaped symbols for example, represented small amounts of barley while sheep was represented by a disk-like symbol. The temples, palaces and private firms employed scribes who were that time accountants (Bottes ,2009). Alexander (2002) in his study on history of accounting contend that the accounting system practiced during this period provided a description of transactions, paying attention to the detailed coding of these transactions and putting more focus on contracts or deals that were made by traders. The recording of the transactions was effected by the scribes standing at the gates of the city to register transactions or upon receiving reports of deals or contracts from respective parties. The financial transaction records were maintained on clay tablets where the respective parties were required to input their stamps ,append their signatures and indicate their names.

The period between BC-1100 AD saw accounting practiced in Rome,Greece,China and Egypt evidenced by collections of taxes for the king, use of papyrus, government programs efficiency assessment and household expenses presented in monetary terms. The clay tablets that were used to record the taxes that were paid to King Scorpio I in form of linen and oil were replaced by Papyrus in Egypt. The papyrus enabled the scribe (accountant) to record transactions in more detail. However, Metcalfe (2014) claims that for the scribe to use the papyrus was required to have the ability of reading and writing more than 1,000 symbols. The papyrus had many horizontal lines which enabled grouping of data by the accountant. On the same note, computations involving the number of workers that could accomplish the work on construction projects were made (Kartz, 2007).

The appearance of accounting in China was witnessed for the first-time during Chou dynasty between 1122-256BC. It was used for assessing how effective government programs were (Acaus, 2000). According to Xu and Zhang (2013), during this period six officials were appointed by government comprising the autumn ,sky officer, spring ,land, ,summer, and winter. Management of government property, financial management and accounting for government were the responsibilities of the sky officer. On discharging these responsibilities, the budget was used by the sky officer as a means of financial control , delegation of authority and creation of responsibility and accountability. Government departments were required to prepare financial reports under the supervision of appointed government officials who monitored and evaluated their quality. The reports formed a basis for the prime minister to outline government policy recommendations that were presented to the emperor.

In Greece the emergence of metal money contributed greatly toward the development of accounting in the 5th century approximately 600 years before Jesus Christ was born. The banking system was more developed to the extent that bankers maintained bookkeeping, facilitated exchange and borrowing of money and allowed transfer of money to remote areas through bank branches (Acaus, 2000).Accordingly, Alexander, (2002) opines that in ancient Rome Government and Banking Accounting originated from records where day-to-day transactions for household payments were kept in a memo, daily diary and receipt and expense that recorded monthly allowances that were held by heads of households. This formed the foundation for civil rights establishment and tax computation as all citizens were regularly required to submit a declaration of assets and liabilities.

Further, the period between 1130AD-1485AD witnesses accounting practice in England as provided in the Domes day Book the Great Role of Treasury that emphasizes the feudal system real estate and real estate taxes. Botes, (2009) points out the fall of the Roman empire show a stagnation of the development of the field of accounting. However, the accounting doctrine of administration and conservatism was coined during this period. Domes day book was the only accounting manuscript that survived from this period documenting all the real estate and real estate taxes payable.

The period 1494 AD-1700 AD describes the Renaissance (Double entry system) to the industrial revolution. The development of the registration system of economic activities was influenced by the development on production, trade and writing that comprised the accumulation of capital. During the Renaissance period accounting progressed like other art, science, literature, architecture and philosophy disciplines. To effectively address the increasing need for financial information this period shows the development of double entry system. The double entry recording in accounting was formed in such a way that for every count of each economic event must consist two aspects that affect at least two accounts i.e what modern accounting state as; for every debit entry there must be a corresponding credit entry for a single economic event or transaction. In accounting the rights to property are presented as a liability to the providers of capital and a liability to the creditors-Thus justifying the accounting equation presented as: Assets=Liabilities+Capital (Rexhepi, 2015, Ahmeti, 2008).

The double accounting theoretically was recognized in 1494 on publication of a book entitled "Sum of Arithmetic, Geometry, Proportion and Proportionality' by the theologian and Venetian Mathematician Luca Pacioli . It is claimed that mathematical knowledge also dealt with the method of double entry accounting. Though regarded as the "father of accounting" in this book only a small portion is dedicated to double entry of transactions. The explanation by Pacioli given at the beginning of the chapter, testifies that he is not the one who invented double entry accounting but only elaborating ―As a Venetian method that is recommended and can be used as a guideline for others (Lee, T.A.; Bishop, A; Parker, R.H, 2013). Further, Botes (2009) supports that Pacioli was not the inventor of a dual accounting system; but only traversed a system that was already in existence.

From the time the double entry system emerged, significant changes in accounting development have been witnessed throughout the world. Neokleous (2016) states that accounting development progressed further during the eighteenth century when Great Britain built its economic strength. Keeping accounting records by the owners became less and less common when the businesses grew in size. A separation of the owners of the company (shareholders) and managers who were

involved in the day by day running of the business led to a need for monitoring managers. Auditing financial records became a rule and this effectively contributed to the development of the accounting profession. Further, achievements in accounting that showed its greatest progress occurred in Great Britain in the nineteenth century at the helm of the industrial revolution, resulting into businesses and accounting professionals 'organizations development (Wood & Sangster, 2005).
In 1581,the Collegio dei Rexonati, the first association of accountants, was formed in Venice. The major role of the association was to train the auditors; however, it was delayed to the nineteenth century due to the low spread of the accounting profession (Neokleos, 2016). The purpose of an audit is to enhance the degree of confidence of intended users in the financial statements. This is achieved by the expression of an opinion by the auditor, on whether the financial statements are prepared in all material respects, in accordance with an applicable financial reporting framework (International Standards On Auditing 200,2010 P.g 72). To accomplish this purpose the auditor need to be independent and objective to the client. The independence of the auditor is viewed as assured when the public perceive the auditor as being free from situations and relationships that impair or could impair the auditors' independence and objectivity (Porter, Simon and Hartherly,2008).

2.1.1 Auditor rotation

Auditor rotation is the change of the auditor by companies. Question(1967, p.32) opine that auditor rotation came into being for the first time throughout the hearings of a case in which McKesson Robbins was involved in the late1930s. The scandal involving $19 million in which McKesson Robbins was mixed up was so enormous even though the accounting firm Price Waterhouse failed to detect it in misstatements of inventory and account receivables. Though the records were falsified by McKesson Robbins, Price Waterhousecoopers who were the auditors did not question or verify the validity of the financial statements. Upon discovery of this fraud lawmakers held congressional hearing in an attempt to reform the accounting profession. Ramos (2002) claim that it is from this hearings that the formal standards for auditing procedures were developed. Further, additional requirements were loaded on the auditors following subsequent scandals that occurred during the twentieth century.
Recently, the most prominent example the Enron scandal that caused the demise of one of the big audit firms Arthur Andersen have been observed since 2001, calling for mandatory auditor rotation which has become a much-discussed regulatory instrument in several countries to increase auditor independence and therefore reduce the so-called expectation gap. Other worldwide audit failures include; WorldCom and Global Crossings in the US,Norhern Rock in the UK ,Metageshaft in Germany, the Parmalat scandal in Italy and TransmileGroup,NasionCom and Megan Media in Malaysia.Catanach&Walker, (1999) contends that the public concern over such high-profile corporate collapses is the motivation behind auditor rotation.

From the literature their exist two types of rotation; audit firm rotation and audit partner rotation. Price waterhousecoopers,(2003,pg 8) view an audit partner as a person who constitutes the membership of the audit engagement team playing a key role in making important decisions in relation to auditing, accounting and reporting issues concerning the client's financial statements. The audit partner consistently contacts the client’s management and audit committee. By rotating the audit partner, it is premised that he will bring the fresh eye perspective into the audit irrespective of the fact that he will be encountered by the learning curve effect (Farger, Lee and Mande, 2008). Manry, Mock, and Turner (2008) study informs by stating that rotating the audit partner is important purposely to minimize the threat of familiarity and as a consequence audit quality is improved. Further, both audit firm rotation and the length of tenure the audit partner holds office with the same client affect the quality of audit.

While mandatory audit firm rotation is a requirement that the external audit firm is changed periodically by companies (Jackson et al., 2008). This requirement is supported as it is presumed to reduce the auditor tenure threat that has been found to compromise auditor independence which is the foundation of the auditing profession (Nazri, Smith and Ismail, 2012). According to Mohamed and Habib (2013) mandatory audit firm rotation is proposed as solution to be applied in different jurisdictions so as to overcome the lack of independence by the auditor problem. Conversely, Jackson et al. (2008) asserts that the benefits that accrue out of mandatory audit firm's rotation are diluted by the additional costs that come with changing auditors.

Those who oppose the mandatory rotation of auditors put forth an argument that by limiting the tenure of the auditor may result into a loss of the specific knowledge about the client. Auditors experience a significant learning curve effect with the new clients (Knapp, 1991). Arel, Brody, and Pany, (2005) claim that audit failures are experienced during the early periods of the auditor client engagement due to the fact that the new auditor tries to gain understanding of the operations of the new client.

2.1.2 Audit Quality

Audit quality is regarded as the ability of the auditor to detect and report any material misstatements during the course of his audit. If existing material misstatements are reported then this is considered a high-quality audit process. Accordingly DeAngelo (1981) consider audit quality as the joint probability that an auditor will both detect a breach in the accounting system of the client and report that breach. On the same note Lee et al.,(2007) view audit quality as the probability that an auditor will not issue an unqualified audit report where financial statements contain material errors and or disagreements that are unresolved. The technology, competence and effort of the auditor determines the ability to detect while reporting relates to the auditors independence and are affected by mandatory auditor change. Thus, competence and independence of the auditor are important elements of audit quality. However, if the association between the audit firm or audit partner and the client is long (long-tenure) it may give rise to concerns about familiarity and self-interest threats to auditor independence (International Ethics Standards Board for Accountants (IESBA), 2009; Mautz& Sharaf, 1961) The argument is that, since mandatory auditor rotation shortens the tenure of engagement between the auditor and the client, independence and objectivity of the auditor is enhanced compared to long auditor tenure.

For the purpose of measuring audit quality proxy measures have been employed by prior research on the matter since audit quality cannot be observed directly. To draw inferences on audit quality accounting accruals have been used in prior studies (Myers, et al ,2003; Becker, et al 1998; Kwon,et al.,2014). Number of audit adjustments is used as a proxy measure by Lennox, et al., (2014), Propensity to issue a modified audit opinion is employed by Firth, et al., (2012) and propensity to issue a going concern opinion as a proxy measure of audit quality by Jackson, et al., (2008).Audit quality is also considered to relate to earnings management. Other researchers have utilized management of earnings as a proxy of audit quality measure and the reasoning is that high quality audits are inversely proportional to earnings management of the company (Myers et al.,2003, Cameran et al.,2016, Carey and Simnett,2006).

2.1.3 Auditor Independence

According to Bahram Soltani (2007) auditor independence refers to the ability of the auditor to maintain an objective and having an impartial mental attitude in the course of the audit. Auditor independence mediates the relationship between the mandatory auditor rotation and audit quality. DeAngelo (1981) opines that auditor independence is an important variable on the determination of audit quality since it uncovers breach and reports the breach in the financial reports of the client. Otherwise in circumstances where auditor independence is not upheld it will be unlikely that noted irregularities will be reported resulting to low audit quality.

Auditor independence can be emphasized by the words of -Chief Justice Warren Burger, in the 1984 case of United States v. Arthur Young & Co. writing on behalf of a unanimous United States Supreme Court that;

> "By certifying the public reports that collectively depict a corporation’s financial status, the independent auditor assumes a public responsibility transcending any employment relationship with the client. The independent public accountant performing this special function owes ultimate allegiance to the corporation's creditors and stockholders, as well as to the investing public. This "public watchdog" function demands that the accountant maintain total independence from the client at all times and requires complete fidelity to the public trust."

This is complimented by the provision of the American institute of certified public accountants (AICPA) in its code of professional ethics; the fourth principle is on objectivity and independence. It states that the auditor is presumed to have a primary responsibility towards the public hence should be objective both in fact and in appearance. Collins and Shultz (1995) adds that, while providing audit and attestation services the auditor should exercise independence in fact and appearance. The confidence of the public in the financial information contained in financial statements is improved when the auditor is regarded as independent, hence, facilitating rational financial decisions(Cameran et.al,2005,Ghosh and moon,2004).

The auditor is regarded as independent both in fact and appearance. The state of mind of the auditor is regarded as independence in fact represented by the factors of integrity, objectivity and professional judgment by the auditor (Cameran et al., 2005), while the independence in appearance is related to how the public assesses the auditor (Raiborn et al., 2006). Ghosh et al., (2005) explains that the public can neither see nor judge independence in fact, but can be determined by the level of independence in appearance of the auditor. Integrity does not mean mere honesty but also dealing fairly and being truthful. While, objectivity is the independence of the mind regarding all considerations relevant to the task at hand but no other. Thus, to remain objective the auditor must consider mitigating close relationship or trust threats with the client, self-interest, self-review and advocacy that may erode objectivity.

From the literature independence in appearance of the auditor can be affected by factors such as situation where the auditor owns directly or indirectly some material investments in the client firm, where the auditor is tasked with the role of providing other services such as; book keeping services or other management advisory services (MAS) together with audit services at the same time for the same client, provision of any audit services to a client with whom a lawsuit is being processed in court and finally the auditor or his closely related family members are hired or hold financial positions that are key at the firm of the client (Elder et al., 2008).

On the other hand, independence in fact considered to be the auditor's actual independence can be affected by four main threats identified from the literature; client importance; provision of non-audit services; audit tenure and client affiliation with audit firms. DeAngelo (1981a) describes the importance of the client threat as the extent to which the auditor reaps economic benefits from the client. Where the client accounts for a larger portion of auditor remuneration for services rendered, the auditor will be bonded to the client financially compromising his independence. Blay(2005) asserts that in the condition that the portfolio of the client is relatively large it acts as an incentive to the auditor to keep in place the client in order to maintain the future flow of revenue, thus compromising the independence of the auditor.

Non-audit services also impact unfavorably on the independence of the auditor. This is caused by the promised additional incomes that flow to the auditor from the client firm that will eventually increase the economic dependence on the client by the auditor.

The threat of auditor tenure is brought about by the length of the time that the auditor serves the same client. The longer the client-auditor tenure, close-relationships may develop that motivates the auditor to act favourably to the client management in place of objectivity reducing audit quality. Seidman (1967) in his article claims that the major role of the independent auditor is to ensure public protection whether or not acknowledged by the behavior of the accounting profession. Independent behavior is modeled by auditors in settings that are ideal, nevertheless, the public sees long audit tenure as a threat to the independence of the auditor. The public sees lengthy auditor-client relationships as a threat to the independence of the auditor. Regardless of the fact that the long auditor client relationship is a threat to the independence of the auditor, the public perception of independence is as significant as actual independence. In the eye of the public, what other better way may exist other than to periodically rotate auditors every few years to maintain their independence? Thus, to a non-professional , the limitation of the auditor tenure through mandatory rotation, will shorten the client-auditor relationships dividing the auditor loyalties as a simple solution for the auditor independence problem. Lennox (2005) further considers the affiliation of the client's with audit firms involving part of the personnel of the client working for the current auditor. The affiliation can adversely impair the independence of the auditor due to personal relationship between the officer of the client and the auditor or the ex-auditor's acquaintance and circumvention of the audit methodology.

2.2 General Trends in Published Literature

To evaluate how reliable the report issued by the auditor is, the auditor's independence plays a key role. Auditors' independence can assure the credibility of whatever the information contained in the published financial statements and thus add value to stakeholders who are interested with the information. On the trait of independence, Cameran et.al (2005) asserts that, it is by upholding independence that the auditor can demonstrate to the public and regulators' that the ethical principles of objectivity and integrity are being followed when performing their duties.

The prominent cases on the collapse of reputable companies such as Enron and its auditor, Arthur Andersen, WorldCom and Parmalat were attached to the lack of auditor independence. This led to the loss of confidence by investors in the information contained in audited financial statements, since prior to the collapse of these firms' auditors had issued unqualified audit opinions regarding their going concern, damaging the creditability of accounting audits. Through this, regulators worldwide were compelled to put into consideration different mechanisms that can help enhance the independence of the auditor. Regulators, Legislators, and professional organizations around the world then put forth a suggestion that mandatory auditor rotation at both the partner and the firm level can potentially reduce client–auditor familiarity and bring a fresh eye perspective into the audit, thereby enhancing auditor independence and audit quality. For example, in the united states (US) it is on this basis that congress passed the Sarbanes Oxley (SOX) act of 2002 that created the Public Company Accounting Oversight Board (PCAOB) that was required to monitor the accounting professions audits of publicly traded companies in order to re-establish the confidence in the financial reports. In this Act, mandatory audit -partner rotation is provided for in section 203. The section proposes replacement of the audit partner by the end of every fifth year. However, section 207 mandated for a study on the impact of mandatory audit-firm rotation on audit quality. Following this enactment, the Securities Exchange Commission (SEC) authorized the US government's Government Accountability Office (GAO) to carry out research on the effect of mandatory auditor rotation on audit quality as a measure to control fraud on public accounting firms. The respondents for the study were accounting firms and Fortune 1000 publicly traded companies. The findings on this matter did not support nor reject the idea that audit quality can be improved through auditor rotation (GAO, 2003). Another study by GAO, 2008 on the same matter provide the same conclusions.

Earlier in 1992 the American institute of certified public accountants (AICPA) had proposed a requirement that firms in the US change their audit partners periodically for the sole purpose of bringing a fresh eye perspective to each audit. The public oversight board (POB) 2002 supported the idea of mandatory audit partner rotation by stating that peer review effect can improve audit as the incoming partner assesses the work carried out by the departing partner in the previous year.

In Europe, the European commission's (EC) green paper of 2010 on audit policy; Lessons from a crisis, prompted the EC to issue a set of legislative proposals regarding the role, independence of the auditor and the structure of the audit market in Europe in 2011, of the several measures proposed by the EC to enhance audit independence was mandatory auditor rotation every six years. The EC in its green paper advocates for both mandatory firm and partner rotation with a view to instill and maintain objectivity and dynamism in the audit market.

Many countries have followed this rule of mandatory audit-partner rotation. For example, Germany since 1998 has implemented the mandatory audit partner rotation rule for the auditors of officially listed companies after a period of seven years (German Commercial Code). In Canada the mandatory audit partner rule is also found for all listed companies. In Indonesia following the collapse of many banks and companies during the 1997-1998 Asian crisis that raised concern about low audit quality as a result of lack of auditor independence, the mandatory auditor rotation rule was effected from 2002 after the SOX. The rule mandated3-year rotation period for public accountants' appointment and a 5-year period for the appointment of public accounting firms.

In Bahrain, its accounting firms provide audit services constituting both local and international firms. The 1996 AmiriDecree number 26 provide that auditors are to be appointed on a yearly basis at the end of every financial year as per the Bahrain company commercial law number 21 of 2001. However, the central bank of Bahrain mandates a 5 year auditor switching.

In Italy consideration for mandatory auditor rotation rule became legally required since 1974 (Cameran,Di-vincenzo and Merlotti ,2005 p.g 7). Though the rule was presumed to protect and enhance auditor's independence and was made a legal requirement in Italy the Parmalat Scandal took place. The Parmalat Company was declared bankrupt and filed a bankruptcy protection case in Europe. The collapse of Parmalat was associated with poor corporate governance in Italy, featured by takeover market that was inactive, with very few institutional investors, accounting standards that were weak and investor protection that was low legally. Agency conflicts of interest arose between the minority shareholders and a controlling shareholder, who was the founder, chairman and chief executive officer of Parmalat. The manager's compensation inform of bonuses was prioritized at the shareholders expense. The bankruptcy of the company was as a result of the stated reasons together with the failure of the regulator and accounting irregularities.(Buchanan, Bonnie and Yang, 2005, pg. 28).

In China, the regulation on mandatory audit partner rotation was issued and became a requirement in October 2003, and audit partners since that time are required to append their signatures and names on annual audit reports (Chen, Sun, & Wu, 2010), this made it possible for voluntary audit partner rotation to be identified publicly. Mandatory audit firm rotations in China was motivated by the cessation of former audit firms (similar to the widely-tested setting of the Arthur Andersen collapse), or the move to another audit firm was mandated by a regulator. Firth, Rui and Xi Wu (2011) carrying out a study on how various forms of auditor rotation affect audit quality in this unique institutional setting and disclosure features in China does a comprehensive comparison of the various forms of auditor rotation at different levels and in different settings. The study concluded that in less developed regions mandatory audit partner rotations are associated with a significantly higher likelihood of a modified audit opinion than are no-rotation firms. Similar evidence was found for voluntary audit firm rotation. Overall, a positive effect of mandatory audit partner rotation on audit quality for firms located in regions with weak legal institutions was established. However, no strong evidence that mandatory audit firm rotation is more effective than other forms of auditor rotation in enhancing audit quality was found.

In Nigeria the issue of mandatory auditor rotation regime was introduced in 2009 following the decision of the governor of the central bank of Nigeria simultaneously sacking eight banks chiefs. The apex bank made it a requirement that external auditors are rotated after 10 years of engagement.

Most recently, the PCAOB (2013) conducted a meeting that proposed the disclosure of the name of the engagement partner as a means of improving transparency. Thus, by disclosing the audit partners name means to publicly link the auditor reputation with the audit assignments done by him (Tepalagul et.al 2015). The Netherlands has implemented the mandatory auditor rotation policy with effect from January 2016. While, for the case of Sweden the new statutory audit framework that was implemented in 2016 mandates all public entities in Sweden to adhere to the rule of changing the audit firms after every 10 years with effect from 2017. The aim is to enhance the public trust for auditors and control impairment of auditor independence caused by strong and lengthy relationships between auditors and clients that can damage the quality of audits.

It is hypothesized that the relationship between audit tenure and auditor independence is negative. Gul et al.,(2009) in support of this hypothesis claim that, this is caused by lack of enough comprehension of client operations by the auditor necessitating reliance on estimations and information provided by the client. In the early years the auditor is not familiar with the client company ethical norms, accounting policies, the operations of the company and the systems of internal control. According to DeAngelo (1981) the typical counter arguments on mandatory auditor rotation suggestion are that auditors have economic incentives to maintain their independence and that audit quality may be lower for new engagements due to the lack of knowledge about the client .This has been supported by (Geiger and Raghunandan, 2002;Carcello & Nagy, 2004; Daugherty, Dickens, & Higgs,2010;). Findings by Shafie et al.,(2009), indicate that the effect of audit tenure on audit reporting quality is significant, however, in the study it is concluded that firms that never change the auditor since listing have a tendency of being issued with a clean audit opinion even under situations of apparent financial problems.

It is also hypothesized that the relationship between mandatory auditor rotation and audit quality is positive. However, from the literature a non-linear relationship is established or an insignificant influence of mandatory auditor rotation on audit quality (Siregar et al., 2012,Onwuchekwa, Erah and Izedonmi,2012).In Nigeria a study by Olowookere and Adebiyi (2013) using a sample of Nigerian deposit money banks purposed to establish whether mandatory rotation of auditors has any effect on audit quality. The results show no evidence that mandatory audit firm rotation will improve audit quality.

Various findings drawn as indicated in the general trends from the previous studies, it can be observed that, the focus of the studies is either on the impact of mandatory auditor rotation on independence or on audit quality. The studies have not specifically analyzed the mediating role of auditor independence on the relationship between mandatory auditor rotation and audit quality.

2.3 Conflict in theory, methodology, concepts, findings and conclusions.

In terms of concepts studied, findings and conclusions, many recent studies that examine the effect of auditor tenure on audit quality(AQ) or on actual financial reporting quality (FRQ) focus on either audit firm rotation (Gwizu et al ,2017; Elder et al.,2015, Olowookere and Adebiyi ,2013; Onwuchekwa, Erah and Izedonmi ,2012; Shafie,Hussin ,Yusof and Hussain ,2009) or audit partner rotation or both audit firm and partner rotation(Mohamed and Habib (2013,Chi, Wuchun and Huang, Huichi and Liao, Yichun and Xie, Hong,2005) or the effect of auditor tenure on audit quality(Kraub and Zuch,2013, Rahmina and Agoes ,2014; Adeniyi and Mieseigha ,2013);, Gwizu et al ,2017;Eyenubo,Mohamed and Ali ,2017) or on how audit quality is impacted by both partner tenure and partner rotation(Gold,Molls,Pott and Watrin (2012).Most of these studies document a positive effect of auditor rotation on audit quality. However, some provide negative associations under certain conditions for example neither short nor long tenure affect audit quality (Kraub and Zuch,2013; Adeniyi and Mieseigha ,2013) this is supported with the study by Rahmina and Agoes (2014) in which auditor tenure does not improve audit quality. Gold,Molls,Pott and Watrin (2012) study findings do not support engagement partner rotation as no association is found with audit quality while the effect of engagement partner tenure on audit quality was not significant. Other studies provide mixed results on the impact of long and short auditor tenure(Eyenubo,Mohamed and Ali ,2017). No evidence that mandatory audit firm rotation will improve audit quality(Olowookere and Adebiyi ,2013).

On examining the effect of mandatory auditor rotation on audit quality (AQ) or on financial reporting quality (FRQ), a number of reviewed studies conducted after SOX provide inconclusive results. For example, some find that mandatory audit firm rotation is associated with enhanced audit quality or financial reporting quality(Gwizu et al 2017;Imegi and Oladutire, 2018.), while others do not (Olowookere and Adebiyi, 2013).Also, Onwuchekwa, Erah and Izedonmi (2012) document a negative relationship between auditor tenure and audit quality. As a notable exception, Chi et al. (2009), using data from Taiwan, find no association between mandatory audit partner rotation and actual FRQ/AQ.

Studies by Salleh and Jasmani (2014) on the association between the rotation and audit partner and the type of audit opinions issued by the auditor, the findings of this study show a major deviation from results obtained from major studies conducted earlier by Firth,Rui and Wu (2012) whose findings indicated that audit partner rotation results into a significant likelihood of a modified audit opinion.

In terms of methodology applied by the various researchers on the studies, certain aspects of inconsistencies' are noticed . For example, studies employing survey research design, examining the same concepts, analyze data using descriptive statistics, use questionnaire as the main data collection instrument but base their studies on different units of analysis such as audit firms(Anis ,2014,Said and Khasharmesh,2014,Gwizu et al,2017)but Rahmina and Agoes (2014) study use regression models to analyze primary data collected from public accountants. Furher,Idawati (2014) study using a sample of 103 public accountant firms registered at bank Indonesia use path analysis to analyze the data. Conversely, studies using secondary data from listed firms adopt both descriptive statistics and logistic regression models to analyze the data (Shafie et al.2009,Siregar et al.,2012,Kraub and Zuch,2013,Olowookere and Adebiyi ,2013,Ouyang and Wan Huishan ,2013Narayanaswamy and Raghunandan,2019). On the other hand Antonio and Bassetti (2014) on studying rotation of independent auditors and analysis of their reports use content analysis to find the nature of audit opinions and the emphasis paragraph.

No major conflict in theory has been noticed except that researchers of the reviewed papers base their studies on different theories. From the studies the theories applied include; agency theory(Chi, Wuchun et al.,2005,Siregar et al.,2012,Onwuchekwa, Erah and Izedonmi,2012,Mohamed and Habib,2013,Ouyang and Huishan ,2013,Eyenubo et al.,2017,Imegi and Oladutire,2018,Apandi,2018); lending of credibility theory(Shafie et al.,2009,Olowookere and Adebiyi ,2013,Salleh and Jasmani ,2014,Apandi ,2018);stakeholder theory(Eyenubo et al.,2017)and policeman theory (Imegi and Oladutire,2018). However, some studies have not expressly stated the theory upon which their studies are underpinned.
Literature in this area remain mixed , further, the findings of GAO have not been empirically refuted or supported by any study. As such making it critical to review the literature in this area in order to establish the general trend in the published literature.

2.4 Gaps in research/justification

Literature provides an inconclusive evidence on the effect of various forms of auditor rotation on actual audit quality . For example, there have been limited efforts to conduct comparative studies comprehensively on these forms of rotation at different institutional levels (partner vs. firm) and in different settings (voluntary vs. mandatory), and thus warranting more research.
Studies have failed to study and find out the effect of other factors that can lead to low quality audit reports either directly, moderating or intervening effect on audit quality relationship. Accordingly,Rahmina and Agoes(2014) study recommends on studying the effect of other variables such as audit understanding of internal controls, audit firm size, auditor’s industry specialization and audit risk on audit quality.

Most prior studies on the other hand conducted in this area have been carried out under settings where there is no law that compels auditor rotation. Under such environment auditor rotation has been voluntary (Johnson et.al, 2002; Myers et.al 2003; Ghosh and Moon 2005.) or the change has been after fraud such as the case of Arthur Andersen demise. Hence generalization of conclusions from such studies will not be made without caution.
More specifically no study from the literature has been conducted to bring out the mediating effect of auditor independence on the relationship between the various variables perceived to affect audit quality.

2.5 Research Theories

The purpose of the demand for auditing theories is to provide a general framework for auditing, or at least for understanding it. According to Mautz and Sharaf (1961) the purpose of theory is defined in the following way: *"One reason, then, for a serious and substantial investigation into the possibility and nature of auditing theory is the hope that it will provide us with solutions or, at least, clues to solutions, of problems which we now find difficult"*. Auditing theory then helps explain why auditing is needed in the first place. What is the role or purpose the audit process is having in the communication between a company and its environment? Furthermore, auditing theory attempts to explain why some of the postulates and key concepts of auditing are so important (Mautz and Sharaf 1961;). Some of the laws that govern the audit process and its activities are uncovered by auditing theory. Finally, it provides us with a framework for understanding the relationships and interrelationships between different parties of a firm.

To gain an understanding of the relationship of a firm a framework is provided by a theory. Different theories explain the demand side of audit services to organizations that need such services. The need for auditing has been necessitated by the separation between capital provision and management. Management is the custodian of accounting systems that contain the reports that auditors audit and have the authority to determine the precise nature of the representations that go into those reports. The confidence of investors and creditors in these financial statements usually is provided with an independent and expert opinion of the auditor. There are various theories that advocate the demand for auditing discussed under; policeman theory; lending creditability theory; moderator of claimants' theory; theory of inspired confidence, agency theory, the quasi-judicial theory and the stakeholder theory.

2.5.1The Policeman Theory.

The claim of the theory is that the responsibility of the auditor is to search, discover and prevent fraud. The policeman theory is grounded on the premise that the auditor is responsible for detecting fraud. Hayes et. al (1999) states that this was the mostly widely held theory on auditing until 1940s. Thus, the auditor acts as a policeman focusing on arithmetic accuracy and on prevention and detection of fraud. Due to the reported scandals that concern financial statement misstatements such as those at WorldCom, Xerox and Enron this theory was put under focus for reconsideration.

2.5.2 The Lending Creditability Theory

The public perceives that audited financial statements are credible. The creditability theory is derived from this public perception that addition of creditability to financial statements is the primary function of auditing. The stakeholders' faith on management stewardship of the capital provided is enhanced by audited financial statements. Stakeholders make judgments on the basis of the information provided by the financial statements. According to this theory, an audit reduces the information asymmetry between management and shareholders. Hayes et al. (2005)

identified that through the audit function fair presentation of the firm's economic value is enhanced. However, investors' investment decisions are not primarily based on audited financial information (Porter, 1990).

2.5.3 The Claimants Theory

The theory recognizes the importance of the continuous contributions made by all the necessary participants in an organization. For the participants to continue contributing it is necessary that each stakeholder believes that they are receiving an appropriate share of the company's income by giving an independent opinion on the various interests represented in the amounts shown on the financial statements.

2.5.4 The Theory of Inspired Confidence.

This theory was propounded by Limperg a Dutch professor in late 1920s. The theory addresses both the demand and the supply of audit services. According to Limperg the demand for audit services is the direct consequence of the participation of outside stakeholders in the company. These stakeholders demand accountability from the management, in return for their contribution to the company. Since information provided by management to stakeholders (third parties) might be biased, because of the possible divergence between the interests of management and outside stakeholders, this information needs to be audited. With regard to the level of audit assurance that the auditor should provide, Limperg asserts that the auditor should act in such a way that he does not disappoint the expectations of a rational outsider on the one hand, while, on the other hand, he should not arouse greater expectations in his report than his examination justifies. So, given the possibilities of audit technology, the auditor should do everything.

2.5.5 Agency Theory

According to Watts and Zimmerman (1979, 1986a, 1986b) the appointment of a reputable auditor is perceived to meet expectations of both the third parties as well as the management. For a company to come into existence several groups called stakeholders make some kind of contributions given a certain price contained in more or less formal contracts. The objective of company management is get these contributions under optimum conditions for management, such as, low interest from banks, high share prices for shareholders and low wages for employees. Management play the role of agency in these relationships' is seen striving to acquire contributions from the principals, such as, bankers, stockholders and employees. Since the management carries on the day to day operations of the business on behalf of the principal, there exist information asymmetry in that the agent has more information than the principal and can be motivated to pursue their self-interest at the expense of the principals. These actions of the agent call for monitoring of the agent by the principal through the engagement of independent external auditors. Louwers, et al (2015) asserts that assurance of financial statements reliability is given by the auditor and this provides useful financial information about the performance of the firm to interested parties.

This theory has been criticized on grounds that agency researchers have only concentrated on the agent side of the 'principal and agent problem', and opined that the problem may also happen from the side of the principal. It is observed that this theory raises no concern about the principals, who may take advantage of their position to exploit the agents by deceiving them.

Even though agency is a popular theory it has been to suffer from the following imitations; the theory assumes a contractual agreement between the principal and agent for a limited or unlimited future period, where the future is uncertain. The theory assumes that contracting can eliminate the agency problem, but practically it faces many hindrances like information asymmetry, rationality, fraud and transaction cost. Shareholders' interest in the firm is only to maximize their return, but their role is limited in the firm. The roles of directors are only limited to monitor the managers and their further role is not clearly defined. The theory considers the managers as opportunistic and ignores the competence of the managers(Shleifer and Vishny ,1997, Daily et al. ,2003).

2.5.6. Quasi -Judicial Theory.

Under the Quasi-Judicial Theory in auditing, the auditor is considered as a judge in the financial distribution process (Hayes et al., 1999). However, according to Porter (1975) since the decisions made by the auditor and the process of decision making are not publicly available and that the doctrine of precedence/consistency as is in court is not guaranteed in auditing; and an auditor's independence differs from a judge's independence because of the different reward system involved the theory may not be relied upon.

2.5.7 Stakeholders Theory

Freeman (1984) defines the stakeholder theory as a theory of organizational management and business ethics that is aimed at addressing values and morals in organizational management. "Stakeholder" concept in theory refers to shareholders, managers, creditors and other users who are interested in the financial statements of the entity that are influenced by the actions of the auditor either directly or indirectly. This theory is criticized by the proponents of the stakeholder theory on the basis that managers should serve the interest of the firms owners i.e shareholders. They contend that a firm's social obligations are limited to; allegiance to the law, adherence to ordinary moral expectations and not breaching contracts. Thus any obligations of non-shareholders stand as hindrance to pursuing the shareholder interests.

3.0 LITERATURE REVIEW

3.1.1 Quantitative Studies

Chi, Wuchun and Huang, Huichi and Liao, Yichun and Xie, Hong (2005) examined the effectiveness of mandatory audit-partner rotation, audit quality and market perception in promoting audit quality using Taiwan audit data where five-year mandatory audit-partner rotation became effective from 2004. Data was collected from the 2004 semi-annual Taiwan Economic Journal database for the study. The sample comprised of companies whose auditors were rotated in 2004 within the same audit firm during the mandatory audit-partner rotation. For the purpose of measuring the quality of audit the study employed absolute and signed abnormal accruals and abnormal working capital accruals as proxies. The findings indicated that higher quality audit was reported by companies' subject to mandatory rotation. Nevertheless, companies that were subjected to rotation in 2004 recorded lower audit quality than audit quality of the same companies in the year 2003 before the mandatory rotation. Further, with regard to the effect of mandatory audit-partner rotation on audit quality companies no difference was found between companies subjected to mandatory rotation in 2004 and those whose partners were rotated voluntarily in 2003.

Shafie, Hussin, Yusof and Hussain (2009). paper on audit firm tenure and auditor reporting quality focused on Malaysian firms. The study hypothesized that the relationship between audit firm tenure and issuance of a going concern opinion is positive. Using a sample of 187 listed companies that met the characteristic of non-finance distressed companies, data was collected from the annual reports of public listed companies of Bursa Malaysia. Replicating the model of (Louwers, 1998 and Geigher and Raghunandan, 2002). The study results were that there exists positive significant effect between audit firm tenure and audit reporting quality.

In China Firth, Rui and Xi Wu (2011) carried out a study on how various forms of auditor rotation affect audit quality. The study sought to assess whether auditor rotations at different levels (partner vs. firm level) in different settings mandatory vs. voluntary are associated with enhanced audit quality, whether rotation of auditor at different levels and different settings mandatory vs. voluntary are associated with audit quality. Using a sample of 8,560 firm year observations covering a period from 1997 to 2005, data was collected from the China stock exchange, the study employed descriptive statistics to analyze the data. Using auditor's propensity to issue modified audit opinions as a proxy measure for audit quality, the study results indicated that the likelihood of a modified auditor opinion is expected with firms embracing mandatory auditor rotations than are no rotation firms and this was experienced by firms operating in less developed regions. Similar findings were found for voluntary auditor rotation although its significance level is much weaker than for mandatory rotation.

Gold,Molls,Pott and Watrin (2012) examined the effect of engagement and review partner tenure and rotation on audit quality in Germany. The study aimed at establishing the extent to which engagement partner tenure is associated with audit quality and whether there is any association between engagement partner and audit quality. Compustat Global Industrial data base was used to provide data on Germany listed firms for a complete sample of 2636 firm year observations that included data on audit firm and engagement and review partner covering the period 1995-2010. The study findings indicated that the association between engagement partner tenure and audit quality is insignificant using German data, while no association between engagement partner and audit quality was established. However, in the case of review partner tenure and audit quality, the association was positive. On the other hand, review partner rotation associated negatively with audit quality.

Siregar et al. (2012). studied on Auditor Tenure, auditor rotation and audit quality: The case of Indonesia. the study focus was to analyze the effect of auditor rotation and audit tenure of the public accountant on audit quality before and after the implementation of the mandatory audit rule. Basing the study on agency theory and survey research design, the study used secondary data observed between 1999-2001 years before auditor rotation regulation and 2004-2008 covering the years after regulation on rotation. Analyzed using descriptive statistics and regression analysis. Discretionary accruals was used as a measure for audit quality. For the effect of both partner and firm rotation the results indicate a non-linear relationship. The findings indicate that before regulation auditor rotation increased audit quality whereas mandatory audit firm rotation does not show positive effects on audit quality. the study concludes that no strong evidence to support the notion that mandatory audit firm rotation is an effective measure to increase audit quality.

Kraub and Zulch (2013) investigated the relation of auditor tenure to audit quality: empirical evidence from German Audit Market. The study sought to establish the following two hypotheses; that short audit firm tenure is not associated with audit quality and that long audit firm tenure is not associated with audit quality. Using a sample of 1071 firm year observations of listed firms in the Frankfurt Stock Exchange, data was collected for the 2005-2011 sample period from the time of mandatory IFRS adoption in German. The study results were that, with regard to the financial descriptive statistics indicated that the median sample had a book to market ratio of 54 percent revenue growth rate of 8 percent a return to equity ratio of 11 percent. 17 percent of the firm observations reported a negative net income in the sample period, while 80 percent of the companies engaged in BIG 4 audit firms as the statutory auditor. Of the firms studied only 6 firms had adopted the IFRS for the first time within the sample period.

Olowookere and Adebiyi (2013).Studied on mandatory audit firm rotation and audit quality in Nigerian deposit money banks. The study intended to identify the merits and demerits of mandatory audit firm rotation; ascertain the extent to which Deposit Money Banks in Nigeria have complied to the central bank Nigeria directive with respect to the mandatory rotation of audit firms; and do an investigation into the association between mandatory audit firm rotation and audit quality in Deposit Money Banks in Nigeria. the study used both primary and secondary data sources. The Binary Logit Model estimation technique was employed for the purpose data analysis with the intention of establishing the relationship between the mandatory audit firm rotation and audit quality. The study’s findings indicate no effect of mandatory audit firm rotation rule on the audit quality. With regard to the directive of the Central Bank of Nigeria that require mandatory rotation of audit firms after ten years, most banks are in accordance with this directive. The study recommends for voluntary rotation of external auditors.

Ouyang and Wan Huishan(2013) try to provide an answer to whether audit tenure impair auditor independence :evidence from option backdating scandals. The study sought to explore the relationship between auditor tenure and the possibility of backdating stock options, a fraud relating to compensation. Using a sample of 4044 non-financial observations derived from CRSP,compustat and investor responsibility research centre. Basing the study on the agency theory, data was analyzed using the logistic regression model with independent variable (audit tenure) measured as the length of the auditor-client relationship as of the fiscal year end in the financial statements. The study findings indicate that long audit tenure firms have got high chances of backdating stock options, this harmful effect is experienced with small sized firms, thus impairing auditor independence.

Rahmina and Agoes (2014) study was on the influence of auditor independence, audit tenure, and audit fee on audit quality of members of capital market accountant forum in Indonesia. the study sought answers to four hypotheses; influence of auditor independence on audit quality, the influence of audit fees on audit quality, influence of audit tenure on audit quality and the simultaneous impact of the three variables. The population of the study comprised of all the auditors working in the public accountant firm members of the capital market forum Indonesia.150 questionnaires were distributed to collect the data of which 143 were returned completely filled forming 95% response rate. Data was analyzed using a linear regression model and the findings were that, auditor independence and audit fees positively influence audit quality and auditor independence, audit fees and auditor tenure collectively have a positive influence on audit quality but individually audit tenure impact on audit quality was found insignificant.

Lennox et al., (2014)on trying to find answers to the question whether mandatory rotation of audit partners improve audit quality in china aimed at finding the frequency of audit adjustments during the departing partner's final year of tenure prior to mandatory partner rotation compared to the adjustments in years when audit partners are not affected by mandatory rotation, and to establish the frequency of audit adjustments during the replacement partner's first year of tenure following mandatory partner rotation compared to the adjustments in years when audit partners are not affected by mandatory rotation. Using a sample of 6,341 company year observations for the period 2006-2010 descriptive statistics was used to analyze the data. The results unveil that mandatory rotation of engagement partners' results in higher quality audits in the years immediately surrounding the rotations. During the departing partners final year of tenure prior to mandatory rotation and during the during the first year of the incoming partners tenure following a mandatory rotation the results show a higher and significant frequency of audit adjustments.

Gwizu et al. (2017) study on mandatory audit firm rotation and audit quality in Zimbabwe was prompted by suspicion that the independence of the auditor might have been compromised due to non-rotation of the auditor focused on; identifying the effect of mandatory audit firm rotation on audit quality, determine the effect of auditor tenure on audit quality and to suggest measures that can enhance mandatory auditor rotation if put in place. Adopting a descriptive research design, a sample of 33 listed in the Zimbabwe stock exchange selected using purposeful sampling was analyzed. Data was collected used a questionnaire in order to achieve the same level of consistency. Pearson regression and correlation analysis were used to establish the relationship between variables. The study findings suggested that a positive linear relationship existed between mandatory audit firm rotation and audit quality, that the relationship between auditor tenure and audit quality was negative and measures that were to enhance mandatory auditor rotation entailed; enforcement of the law, conducting of workshops and stakeholder training.

Imegi and Oladutire (2018) studied on Mandatory auditor rotation and audit quality in Nigeria financial sector. The study objective was to provide evidence on existence of a relationship between mandatory auditor rotation and audit quality in Nigeria firms. Basing their study on both the policeman and the agency theory a sample of fourteen (14) banks from the banking sector for 2010-2015 was selected. Secondary data was extracted from the annual reports and statements of accounts from Nigeria stock exchange. Using ordinary least squares (OLS) regression was used to analyze the data. The study findings showed a positive relationship between mandatory auditor rotation and audit quality of firms in the financial sector. The study concludes that firms should make sure that mandatory auditor rotation is adopted and by engaging one of the big four (4) auditors will improve audit quality report.

Apandi (2018 study focused on audit tenure and investor's perception on audit quality before and after SA 240 was implemented by manufacturing firms listed in the Indonesian stock exchange. The study examined the influence of public accountant audit tenure and public accounting firm audit tenure toward the perception of investors on quality of audit as reflected from the earnings response coefficient. Data on auditor tenure was collected from financial statements derived from the centre for economics and business data -Universtas Indonesia for a sample of 134 companies listed in the Indonesia stock exchange in 2012 and 2013.Using a research model developed by Ghosh and Moon (2005) the data was analyzed. The findings were that long public accountant audit tenure does not have a significant positive effect on investor perceptions about the quality of the audit and long audit firm tenure has a negative effect on the perception of investors on quality of audit.

Narayanaswamy, R. and Raghunandan K. (2019) Study examined the Effect of Mandatory Audit Firm Rotation on Audit Quality, Audit Fees and Audit Market Concentration: Evidence from India, a country that introduced mandatory audit firm rotation following the collapse of Satyam limited scandal. The study sought answers to three questions; whether the is an association between mandatory audit firm rotation and audit quality; whether there mandatory audit firm rotation is followed by initial year audit fee discounting and the effect of mandatory audit firm rotation on audit market concentration. Data was obtained from the prowess database for listed companies for the period 2014 to 2017. Company annual reports and annual general notices were hand collected. Data for 4087 firm year observations were used for analysis. Findings suggest that mandatory audit firm introduced in India since April 1, 2014 has not improved audit quality. Further, mandatory audit firm rotation does not seem to have had a significant effect on audit fees. and finally, mandatory audit firm rotation is found to be associated with higher audit market concentration.

3.1.2 Qualitative Studies.

Onwuchekwa, Erah and Izedonmi (2012) considered mandatory auditor rotation and audit quality in southern Nigeria. A survey research design was employed and the population of the study encompassed audit firms, consultants, lecturers and investors to whom 500 questionnaires were administered but 442 were returned. The data that entailed response to statements in the questionnaire were analyzed using the binary logistic regression technique. The findings indicated an insignificant influence of mandatory auditor rotation on audit quality.

Adeniyi and Mieseigha(2013) assessed the effect of audit tenure and its effects on audit quality in Nigeria. The study considered the extent to which audit tenure improves audit quality and the magnitude to which auditor independence can be impaired by the tenure of the auditor hence compromising audit quality. Using cross-sectional data gathered from the annual reports of selected quoted companies in Nigeria for audits completed in 2010. 50 companies were sampled out of the 199 listed equities using stratifies random sampling technique. The relationship between audit tenure and audit quality was analyzed using the Binary Logit Model estimation. the findings of the study provide an inverse relationship between auditor tenure and audit quality, stimulating the discourse on the sensibleness of changing auditors periodically as it may be effective in increasing audit quality. The other explanatory variables examined alongside auditor tenure (board size, board dependence and directorship ownership) as corporate governance issues affected audit quality negatively.

Mohamed and Habib (2013) study on examining auditor independence, audit quality and the mandatory auditor rotation in Egypt tried to assess the mandatory auditor rotation applicability as

a means of enhancing auditor independence and hence audit quality. The purpose of the study was to find out whether rotation of auditors was as a result of not issuing a standard unqualified audit opinion, if non-big four audit firm, if lacks specialized in the client business or due to non-approval of the client's practices and that rotation would be influenced by auditor producing an audit report lag. Using a sample of 50 audit practioners' randomly selected from the two big-four audit firms operating in Egypt a questionnaire was distributed for the survey. 31 responses were received equivalent to 62% response rate. The findings indicate that long auditor tenure enhances audit quality and that closely held firms impair auditor independence. Mandatory audit firm rotation was suggested to mandatory partner rotation as a means of enhancing auditor independence.
Anis A. (2014) did a survey on auditors' perceptions of audit firm rotation impact on audit quality in Egypt**.** The study hypothesized that; the longer the audit tenure, the lower the audit quality, auditors perception of the impact of auditor rotation on auditor client-specific knowledge is negative, and hence to reduction in audit quality ,auditors perception of the impact of auditor rotation on auditors' independence is positive, and hence increase in audit quality, with increase in auditor tenure, audit quality increases with auditors' industry specialization and that as auditor tenure increases, under conditions of high fee dependence audit quality decreases. The population of the study comprised of all the professional auditors working in all audit firms during the time of the study. Using a non-probability sampling technique, a survey was distributed to 150 auditors for 9 different sized audit firms. 86 surveys were returned forming 55.3% response rate. However, 83 surveys were analyzed comprising 51 and 32 from partners in bigger firms and smaller firms respectively. The findings were that the perception of the auditors in regard to auditor tenure is that audit quality is inversely associated with auditor tenure. The in-depth interviews indicate that auditors need a period of 3-5 years to understand client operations specific knowledge and that mandatory rotation may lead to effective audits rather than ineffective audits. Auditor industry specialization was perceived to have a major contribution to the audit firm hence audit quality. On the relation between auditor rotation and auditor independence the findings show a positive relationship due to its effect on attitude and impression. Further, the auditors inclined to agree that a high fee dependence may make partners reluctant to lose a client contributing a high portion of the firm's income.
Salleh and Jasmani (2014) empirically considered audit rotation and audit report in the Malaysian Public Listed Companies (PLCs) context over the period of ten years. The study concern was to do an analysis of the different types of audit opinion of Malaysian PLCs for a ten year period; analyze whether their exist any difference in the type of audit opinion issued by Big Four and Non-Big Four audit firms for the ten year period; do an examination of the association of audit opinion and audit rotation (mandatory rotation of audit partner and voluntary rotation of audit firm) for the ten year period and examine the association of audit rotation (mandatory rotation of audit partner and voluntary rotation of audit firm) and Audit Firm Size (Big Four and Non Big Four Audit Firms) for the ten year period. Putting into use the proportionate stratified random sampling technique, 156 companies were selected from the population of 781 public listed companies, resulting into 1445 audit reports that were analyzed. The study results were that qualified opinions were issued mostly by Big Four audit firms compared to Non- Big Four. On the association of audit opinion and audit rotation the study established an insignificant association, however, there was found a significant association between audit firm reputation (whether Big Four or Non- Big Four) and audit rotation. Finally,

both forms of auditor rotation (mandatory rotation of audit partner and voluntary rotation of audit firm) are positively affected by the size of the firm.

Idawati (2014)directing his study on the registered public accountant firms at bank Indonesia investigated the effect of audit rotation, audit fee and auditor competence to motivation auditor and implications on audit quality. The study analyzed the relationship between audit rotation, audit fee and auditor competence, and the influence of audit rotation, audit fee and auditor competence to motivation auditor simultaneously and partially and how audit rotation, audit fee and auditor competence to motivation auditor simultaneously and partially influence audit quality. Using explanatory research design proportionate random sampling was used to select 103 firma from a population of 138 registered public accountant firms at bank Indonesia. Primary data was collected through questionnaire administration to managers and partners of the selected firms and was analyzed through path analysis. The findings indicate that a correlation exists between the variables under consideration and that audit rotation, audit fee and auditor competence to motivation auditor collectively and individually influence audit quality.

Antonio and Bassetti (2014) conducted a study on the rotation of independent auditors and analysis of their reports before and after rotation in Brazil. The study focus was to establish whether after rotation of independent auditors there will be an increase in reports with reservations or increase in emphasis of matter paragraphs. A sample of 151 companies was selected out of 167 Brazilian companies listed in Brazilian securities commission website. The audit reports prepared in the period 2003-2006 during which the firms had to rotate their auditors as per the Brazilian securities commission resolution 309/99 or did so voluntarily. The audit reports were compared in the year before and after the rotation irrespective of the year rotation took place. Content analysis was used to analyze the data of the audit reports classified as without reservation, with adverse opinion, and with abstention and the number of emphasis of matter paragraphs. The findings indicated that before rotation of independent auditors, 78.81% of the companies analyzed received a report without reservation, 21.9% with reservation and none with an adverse opinion. While, after rotation an insignificant change was realized on the reports without reservation and with reservation, with one case of abstention.

Khasharmeh and Said (2014) on a study focusing on the effects of mandatory audit firm rotation upon quality of audit wanted to ascertain the perception of audit firms in Bahrain sought to explore the current audit appointments practices by audit firms in Bahrain, look into the opinions of audit firms in Bahrain on the potential effects provided by implementing mandatory audit firm rotation on audit quality in Bahrain and investigating the implementation of mandatory audit firms rotation. a questionnaire was developed and distributed to all auditors working in the 25 audit firms who were respondents for the study. 66 questionnaires were filled and the data collected was analyzed statistically using descriptive statistics. The results of the study showed a positive relationship between mandatory auditor rotation and audit quality; however, long-term tenure affected audit quality negatively.

Elder et al. (2015) study on auditor rotation effect on audit quality in a government audit market. The study data from the Florida government audit market a setting where procurement policies vary. The study focused on establishing whether rotation policies are positively associated with choice of specialist audit firms and that specialist audit firms are associated with greater audit quality. Further, whether audit quality is higher for entities with rotation policies than for entities without rotation policies. Surveying all the 453 Florida city and county government financial directors to determine which Florida governments had rotation policies and 232 responses were received equivalent to 51% response rate. This was supplemented with historical information

regarding independent audit firm local government audit market share in Florida between 1998 and 2003 obtained from the state general auditor office.
Al-Khoury et al.(2015) study on auditor independence and mandatory auditor rotation in Jordan sought to test the relationship between auditor rotation and the level of independency of the auditor and the impact of auditor rotation, audit fees, audit tenure and the relationship with client on the auditor independency in Jordanian audit firms. The study utilized a questionnaire survey design. The study findings revealed a significant positive relationship between the auditor independency and client relationship and mandatory auditor rotation .With auditor tenure no relationship was established.
Eyenubo,Mohamed and Ali (2017) while studying on the effect of auditor tenure and financial reporting quality in Nigerian listed companies sought to conceptualize the effect of auditor tenure on financial reporting quality by examining the relationship between the duration of the auditor and the quality of financial reporting, to understand how auditor tenure influence the quality of financial reporting and to determine the extent to which auditor tenure help in maintaining accountability of financial reporting in an organization. The findings provide conflicting evidence between audit firm tenure and financial reporting quality and that short audit tenure produces a high financial reporting quality and vice versa.

3.1.3 Case Studies

From the literature reviewed case studies are limited. Nevertheless, a few of the case studies that have been documented relate to corporate failures and possible role of their auditors. During the wave of major corporate scandals as mentioned earlier were begged on the risk of the of independence of the public accountant. This corporate failure led to the implication of a number of audit firms, for example Enron scandal (Arthur Andersen,2001),the HIH collapse(Arthur Andersen,2001),Tyco (PricewaterhouseCoopers,2002),WorldCom(Arthur Andersen,2002), HealthSouth(Ernst & Young ,2003),Lehman Brothers'(Ernst & Young,2008)and Satyam Computers Limited(PricewaterhouseCoopers,2009).Of the implicated audit firms Arthur Andersen perished.
Cunningham.G.M and Harris J. E (2006). Studied on the Enron and Arthur Andersen: The Case of The Crooked Eand the Fallen A. The Case study presents a review on the financial reporting and auditing issues related to Enron and an explanation to the regulation of accounting and auditing in the US. On financial reporting four major issues were identified by the researchers; mark-to-market accounting, financial reporting for special purpose entities and reporting on issued shares. The findings indicate that there was insufficient disclosure and improper reporting of issued shares.Auditor independence was also questioned as auditors being professionals expected to be independent of the client management and ensure proper evaluation of the financial representation of management to external parties, were found; to act as both external and internal auditors of Enron, to offer consultancy services to the client that generated more income leaving only 30% of the total income that Arthur Andersen received from Enron as a result of external auditing. Further, Andersen was given a permanent office space at Enron's headquarters, Andersen also shared a similar attire with Enron employees such as wearing the same business attire, sharing office birthdays ,having lunch together and joining Enron's trips (Arel et al.2005). This shows a deterioration of independence in appearance. Long-term auditor relationship also contributed to the impaired independence as Enron's auditor Arthur Andersen were the auditors since the company was established in 1985. Due to the compromised

independence Arthur Andersen sought to ignore addressing Enron's unsound accounting practices and embraced accounting schemes as an advocate of the client.

Allan G. H.(2006) reviewed the case on "The HIH collapse: a catalyst for costly reform" that occurred in 2001 in Australian largest insurance company that left a deficiency estimated at between $3.6 billion and $5.3 billion by the time it was wound as a result of wholesale fraud or embezzlement. The identified causes of HIH collapse were; Deceit, on the part of the auditors' lack of professional skepticism, aggressive accounting practices', auditor independence and tweaking corporate governance. In this case the auditors were put under focus due to their lack of professional skepticism in the course of their audit. Auditor failure exposed by HIH story is unquestionable. The auditor Arthur Andersen unquestionable acceptance of the actuary's reports was arguably the firm's principal failure, it formed merely an aspect of an overall lack of inquisitive rigour. In particular, Andersen relied extensively upon HIH's internal business audit processes. There were significant accounting anomalies relating to ; accounting for future income-tax benefits, deferred acquisition costs, deferred information technology costs and goodwill that the audit firm also failed to deal with. The independence of Andersen was also put under scrutiny. This was necessitated by the appointment of three former partners of the firm on the HIH board. One, who was the recipient of continuing benefits from Andersen, was made chairman and was appointed to the audit committee only 17 months after his retirement. Another, who had been the engagement partner, was made chief financial officer only the day after his resignation from the firm. The third was appointed to the board only five months after his retirement, having 'played a significant role in the audit of HIH for 25 years'. Following this close personal relationships between the auditor and its client HIH coupled with its unquestioning acceptance of the results of both the company's internal audit processes and the work of its consulting actuary, Andersen was not, in fact, independent in its conduct of the 1999 and 2000 audits.

Bhasin (2013) studied on Corporate accounting scandal at Satyam:A case study of India's Enron, sought to The main objectives of this study aimed at identifying the prominent American and foreign companies involved in fraudulent financial reporting practices and the nature of accounting irregularities they committed; highlighting the Satyam Computers Limited's accounting scandal by portraying the sequence of events, the aftermath of events, the key parties involved, and major follow-up actions undertaken in India; and finally identifying the lesions can be learnt from Satyam scandal. This case study involved Satyam computer services limited the largest computer company in India. The fraudulent act in which Satyam was involved was so huge that it was named India's Enron. The company was involved in creative accounting, where the company's accounting numbers were manipulated for years. For example, the balance sheet assets were overstated by $ 1.47 billion in form of bank loans and $ 1.04 billion non-interest bearing deposits that never were. On the other hand, liabilities were understated in the balance sheet while incomes were overstated quarterly. This fraud was perpetrated by the company's chairman and the head of internal audit who created falsified bank statements from where false interest income was claimed. PricewaterhouseCoopers were the auditors of Satyam computer services limited from June 2000 up the year when the fraud was discovered in 2009. The question that arose was the responsibility of the auditor. The critical amount of $ 1.04 Billion in Satyam's balance sheet in form of non-interest-bearing could have been questioned by the auditor and also an independent verification and testing of the overstated bank balances. However, from this case it is noted that the audit fee that PricewaterhouseCoopers charged increased by 5.7 times during the period twice what any other audit firms could have charged. this signals possibility that the auditors independence might have been compromised, hence failed to detect and report the malfeasance for fear of losing the client.

The researcher concludes that; greed, ambitious corporate growth, deceptive reporting practices and lack of transparency, excessive interest in maintaining stock prices, executive incentives, stock market expectations, nature of accounting rules, high risk deals that went sour, audit failures ;both internal and external, aggressiveness of investment and commercial banks, rating agencies and investors, weak independent directors and audit committee, and whistle-blower policy not being effective led to commitment and lack of discovery of this malfeasance.

Wiggins, Bennett and Metrick (2019) studied on the case of Lehman Brothers' Bankruptcy D: The role of Ernst and Young. In this case the researchers' sought answers to the following questions; whether Ernst and Young fulfilled its obligations to Lehman and the public, whether the developments in the profession and the economy nullified the auditor's duty to the public by 2008, whether auditing firms are to be beholden to their clients that it is unreasonable to also expect them to be watchdogs for the public interest, whether the regulatory scheme inherently flawed in still requiring auditors to perform this oversight role, whether the regulatory scheme should be strengthened so as to compel auditors to be more deliberate in their oversight role and whether it is realistic to expect the auditor to take positions against its client's interests no matter what the regulatory scheme. Ernst and Young were the independent auditors of Lehman Brothers' from 2001 to 2008 many years prior to its demise. The independent firm Ernst and Young was tasked with the responsibility of reviewing the financial statements of their client and report on whether its financial statements represented a true and fair view of the company's financial position. To achieve this Ernst and Young had to detect fraud, disclose to the public any significant matters and communicate their findings to the audit committee of the board. However, the auditor failed to detect fraud and report accounting practices that seemed questionable relating to recognition of the sale and repurchase agreements (Repos) 105 financing transactions to meet its daily short term borrowing needs against assets that it delivered as collateral, that improved the appearance of the financial statements and the inclusion of impaired assets in its liquidity pool. In this case, Ernst and Young were put under focus for their failure to fulfill its duties and probable claims were put against the auditor for malpractice. It was concluded that consideration be given to the role and effectiveness of independent auditors in ensuring completeness and accuracy of financial reporting and related disclosures to the public.

Conceptual Framework

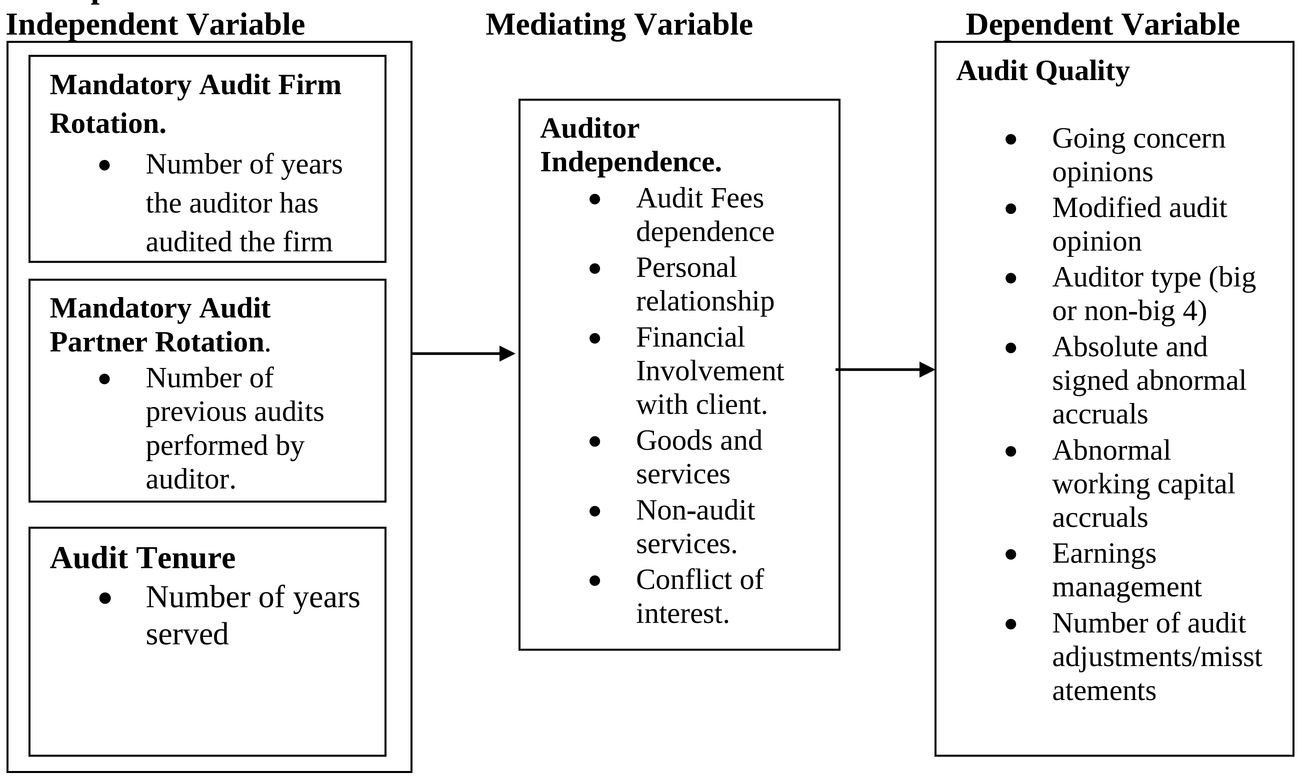

Figure 1:**Conceptual Framework**

Mandatory auditor rotation whether; audit-firm rotation or audit partner rotation does not impact audit quality directly. Thus, it is its influence on auditor independence that affects audit quality. Mandatory audit firm rotation is intended to limit the long auditor tenure threat that causes the independence of the auditor to be impaired leading to low audit quality. While, where there exists mandatory auditor rotation it is presumed that the tenure of auditor-client relationship is limited resulting to improved auditor independence hence improved audit quality. The logic behind audit-partner rotation is to bring a fresh eye perspective into the audit which equally enhances the independence of the auditor leading to high audit quality.

Audit tenure as discussed can have a positive influence on audit quality since the better the auditors acquire an understanding of the client specific knowledge the better the audits they can perform. This supports long audit tenure. However, long audit tenure relationships are detrimental to high quality audits as explained due to familiarity threat that can impair audit independence. As proposals for mandatory audit rotation are continuously being advanced, the big question for regulators, governments and professional bodies is to establish how long is too long and determine an appropriate time limit for mandatory audit firm rotation that can optimize the benefits, and minimize the adverse effects of rotation.

3.2 Current Trends in Auditing

Auditing plays a critical role in providing creditability to financial statement information. The regulators and the professional bodies have continuously stressed on the reliability of the financial statements reports enhanced through auditing. However, the sophistication of information technology in today's business environment has facilitated occurrence of transactions in a 24/7 timeframe. Information for the purpose of making investment decisions is being obtained on mobile devices and is either communicated or exchanged electronically through social media platforms, blogs and e-mails. Execution of business transactions can be done on smart phones from anywhere provided there is an internet connection in that location. These evidence changes by the evolution of the informatics' society to a society based on knowledge -process that supposes the progressive transformation of the entire economy to a digital one. This imposes a new threat to the audit compelling the creation of a new work frame able to answer the new qualitative tasks of the audit objectives.

With the rise in the use of computer technology the auditor is required to keep pace with these fundamental developments in this technology-driven environment, audit the right transactions in order to enhance the relevance and value of audit. To achieve this the auditor will have to change the audit approach by creating a new model of audit, adopting new concepts and employing advanced auditing methods such as; online audit, e-audit and computer assisted audit.

Online audit is an advanced form of audit where information and audit evidence is collected from a distance, consuming less time and costs. Since most of the listed entities maintain their accounting information electronically, this approach will be appropriate. The new model that the auditors need to adopt in this environment will evolve towards integrated solutions of the different type of audit: the financial audit, the performance audit, IT audit, organizational audit and conformity audit all aimed at achieving the objectives of the audit. The auditors will be expected to adopt new styles of work that will enhance work-distance audit and audit of electronic documents supported by an audit instrument based on the computer.

However, under this technology-based environment new factors emerge that have influence on the audit quality. This entail, security of information and systems, personal data protection and data access.

3.3 Theories

From the above studies although there exist several theories that try to explain the demand for auditing, two theories have been given much emphasis by the researchers. These comprise the agency theory (Eyenubo,Mohamed and Ali ,2017,),and lending of credibility theory(Shafie,Hussin,Yusof and Hussain ,2009, Olowookere and Adebiyi ,2013). The policeman theory and the stakeholder theory though cited by researchers have limited significance.

Agency theory proposes that there exists a relationship between the shareholders and managers who manage organizations. The management responsibility is delegated to the managers by the owners. Managers’ tend to have an opportunistic behavior where due to the separation of property functions and control between them and the shareholders (owners) leads to asymmetric information and managers end up pursuing their own interests at the cost of the owner’s interests. Jensen (1993) reports that agency problems are increased by the complexity of the organizations that hinder managers from managing them.

Researchers basing their studies on the Lending Credibility theory rely on the premise thatshareholders faith in financial statements is enhanced if they are audited by an independent person hence belief in management's stewardship role (Hayes et al 2005). Adding credibility to the financial statements is the primary function of auditing as stressed by this theory. Information asymmetry is minimized by subjecting the financial statements through an audit process. This is meant to increase the principals faith in the functions of the agent. Audited financial statements are seen to have elements that increase the financial statement users' confidence in the figures

presented by the management that is useful guide during decision making. The theory is suitable in auditor rotation studies as it explains a manager's incentive to change to a higher quality audit firm. Since the company's owners are always seeking the services of "better quality" auditors, monitoring of managements stewardship role will be more effective .
The stakeholder theory propounded by Freeman (1984) has also been referred to in the literature due to its emphasis on the morals and values the management of organizations and the identification of the various stakeholders who have an interest in an entity's financial statements. A fundamental feature of this theory is therefore to put an attempt to identify individuals and groups that states, organizations and companies are accountable to. Anheier (2005) asserts that this identification has been part of the theory's challenge. Thus, different stakeholders ought to be analyzed carefully to understand how their actions impact on audit quality due to the fact that audit provides assurance to the managers, shareholders, creditors, investors and other stakeholders as such enhancing confidence on financial reporting.

3.4 Flaws and Gaps

A study byShafie,Hussin ,Yusof and Hussain (2009) examines the effect of auditor tenure on audit reporting quality the study tested only one of the going concern opinions but did not encompass other types of going concern opinions such as modified opinion, disclaimer of opinion or qualified opinion as provided by ISA 570 (Revised). The study focused on non-finance distressed companies hence avoiding to bring out the effect on financially distressed companies.

Eyenubo,Mohamed and Ali (2017) study on the effect of auditor tenure and financial reporting quality in Nigerian listed firms fail to document the methodology adopted for data collection and analysis in order to arrive at the conclusions and no findings of this study have been provided. On the other hand Onwuchekwa, Erah and Izedonmi (2012) study analysis is based on the perception of the respondents on the statements that were on the questionnaire administered. Firth, Rui and Xi Wu (2011) study is not anchored on any theory of the demand for auditing. Rahmina and Agoes (2014) study the presentation of the research model comes before the population and sample section.

Anis A. (2014) study is limited in certain respects. For instance, the study survey focused only on the perception of the auditors and failed to take into consideration the perception of professional associations, the auditee firms, legislators who are also important parties interested in quality of financial statement information. On the other hand, since the study reports on the perception of the auditors it might not be possible to test the cause and effect relationship implied by the research framework between the variables using the data collected.

In the study by Rahmina and Agoes (2014) the focus is only on three variables, however there are other variables other than the ones studied (i.e auditor independence, audit fees and auditor tenure) that influence audit quality. These may include; audit understanding of internal controls, audit firm size, auditor's industry specialization, audit risk and other variables beyond the model presented.

Antonio and Bassetti (2014) study findings are only informative since the study concentrated on audit opinions and the nature of audit firm (Big 4 or non-Big 4) and overlooked the analysis of the information contained in financial statements which influence the various opinions that are given by the auditor. A more comprehensive analysis that will consider both the information contained in audit reports and the type of audit opinion will be more beneficial.

A study using alternative proxies, such as cost of capital (debt and equity) and analysts' reliance on reported earnings in forecasting future earnings, to further examine the effect of mandatory audit-partner rotation on perceptions of audit quality, variables that have not been given adequate consideration will add to the literature. Further, future studies should focus on the role of corporate governance variable in the relationship between audit tenure, auditor rotation and audit quality and a study on the requirements for mandatory auditor rotation ,either at partner or firm level.

Other studies may be carried out to fill gaps on the effect of strengthening the board of audit committee on audit quality; effect of joint audits on audit quality; re-establishing the 'true and fair view' as the ultimate reporting criterion; exploring investor perceptions of audit quality over a longer time horizon under the mandatory audit partner rotation regime because the perceived value of mandatory audit partner rotation may well change when it becomes the standard and research to disentangle the effects of voluntary versus mandatory audit partner rotation to specifically showcase the implications of current mandatory requirements.

Table 1: Provides a comprehensive overview of research papers addressing mandatory auditor rotation, auditor tenure, auditor independence and audit quality; stating the theory, summarizing the research methodology, concepts ,study findings, conclusions and research gaps.

Table 1: Summary of researches on the effect of audit rotation, audit tenure ,audit independence and audit quality.

Author/Journal/Paper	**Theory**	**Methodology**	**Concepts**	**Findings**	**Conclusions**	**Research gaps**	**Type of Study**
Chi, Wuchun and Huang, Huichi and Liao, Yichun and Xie, Hong(2005).Mandatory Audit-Partner Rotation, Audit Quality and Market Perception: Evidence from Taiwan	Agency theory	Data collected from the 2004 semi-annual Taiwan Exchange Journal database for a sample of companies whose auditors were rotated within the same firm due to mandatory audit partner rotation. Listed in the Taiwan securities exchange. The study employed absolute and signed abnormal accruals and abnormal working capital accruals as proxies for audit quality.	-Mandatory Audit Partner Rotation, Audit Quality and Market Perception	-Mandatory rotation resulted into higher quality audits than non-rotation in 2004. Companies subjected to rotation in 2004 recorded a lower audit quality than audit quality of the same companies in the year 2003 before the mandatory rotation. -on partner rotation companies that rotated their partners mandatorily in 2004 were not found any different from	Mixed results of the effect of mandatory auditor partner rotation and audit quality.	-Examining the effect of mandatory audit-partner rotation on audit quality/perceived audit quality using the first set of data after the implementation of the mandatory rotation rule. -Future research on investor perceptions of audit quality over a longer horizon under the mandatory audit-partner rotation regime. -A study using alternative proxies, such as cost of capital (debt and equity) and analysts' reliance on reported earnings in forecasting future earnings, to further examine the effect of mandatory audit-	Quantitative

				audit quality of companies with voluntary partner rotation in 2003.		partner rotation on perceptions of audit quality.	
Cunningham.G.M and Harris J.E(2006) Enron and Arthur Andersen: The Case of The Crooked E and the Fallen A		Case study	Financial reporting -Auditor independence	Insufficient disclosure on financial reporting issues and improper reporting of issued shares	Compromised auditor independence caused by offering non-audit services.		Case study
Allan G. H..(2006)"The HIH collapse: a catalyst for costly reform"		Case study	Financial reporting -Auditor independence	Fraudulent financial reporting.	Compromised auditor independence	Re-establishing the 'true and fair view' as the ultimate reporting criterion.	Case study
Shafie,Hussin ,Yusof and Hussain (2009).Audit Firm Tenure and Auditor Reporting Quality: Evidence in Malaysia	Lending credibility theory	A sample of 187 companies comprising of listed non-finance distressed companies identified using a list of financial indicators under ISA 570(revised) going concern. Replicating a model used by Louwers,1998 and Geigher and Raghunandan,2002 ordinary least squares	Audit firm tenure -Audit quality	Auditor tenure has a significant effect on audit reporting quality.	Listed firms that never change the auditor since listing have a tendency of being issued a clean opinion regardless of whether the client has apparent financial problems.	Investigate other types of going concern audit opinions such as modified opinion, qualified opinion or disclaimer opinion as stated under ISA 570 (revised) -Future research should consider other important variables that may affect the auditor	Quantitative

		method was used to analyze the data.				reporting quality such as non-audit services, and audit partner tenure.	
Firth, Rui and Xi Wu (2011). How various forms of auditor rotation affect audit quality. Evidence from China.		A sample of 8560 firm year observations from Chinese listed companies. Descriptive statistics was used to run a logistic regression model. Modified audit opinion (proxy measure of audit quality	-Mandatory audit partner rotation -Mandatory auditor rotation. -Voluntary rotation -Market and legal institutions. -Audit quality	Firms with mandatory auditor partner rotation significance of a modified audit opinion was high than no-rotation firms. -Other forms of rotation (mandatory auditor firm rotation and voluntary firm rotation) had no effect on Modified audit opinions.	A positive effect of mandatory audit- partner rotation on audit quality in regions with weak legal institutions is documented**.** While, no robust evidence that mandatory audit firm rotation has a significant superiority to other forms of auditor rotation has been established.	-A study on the requirements for mandatory auditor rotation ,either at partner or firm level.	Quantitative
Siregar et al. (2012).Auditor Tenure, auditor rotation and audit quality: The case of Indonesia	Agency theory	Survey research using secondary data observed between 1999-2001 years before auditor rotation regulation and 2004-2008 covering the years after regulation on rotation. Analyzed	-Audit Tenure -Auditor Rotation -Audit Quality	-For the effect of both partner and firm rotation the results indicate a non-linear relationship. - The findings indicate that	-No strong evidence to support the notion that the existing mandatory auditor rotation lead to increased audit quality.	Further studies using other proxies for audit quality or use several proxies for audit quality other than discretionary accruals . -Second, an	Quantitative

		using descriptive statistics and regression analysis. Using discretionary accruals as a measure of audit quality.		before auditor rotation became mandatory audit partner tenure was associated with high audit quality and vice versa.		examination on the relationship between audit tenure and auditor rotation on audit quality for each industry. -Third, a study to consider the role of corporate governance variable in the relationship between audit tenure , auditor rotation and audit quality.	
Onwuchekwa, Erah and Izedonmi(2012)Mandatory audit rotation and audit quality: Survey of southern Nigeria	Agency theory	A survey research design using audit firms, consultants, lecturers and investors in southern Nigeria as respondents. Data collected using questionnaires analyzed using Binary logistic regression technique.	-Mandatory auditor rotation. -Audit quality	Mandatory auditor rotation has got no significant influence on audit quality.	There exists a negative association between mandatory auditor rotation and audit quality in Nigeria.	Effect of strengthening the board of audit committee on audit quality. Effect of joint audits on audit quality.	Qualitative
Gold,Molls,Pott and Watrin (2012)The Effect of Engagement and Review Partner Tenure and Rotation on Audit Quality: Evidence from Germany		Descriptive study using a sample of 2636 firm year observations from the Compustat Global industrial data base covering the period 1995-2010.	Engagement and Review Partner Tenure -Partner rotation -Audit	-Insignificant association between engagement partner tenure and audit quality .While no association	-Review partner rotation and engagement partner tenure are not associated with audit quality.	Research exploring investor perceptions of audit quality over a longer time horizon under the mandatory audit partner rotation regime will be of	Qualitative

			quality.	exists between engagement partner rotation and audit quality -Review partner tenure has a positively affects audit quality while review partner rotation is negatively associated with audit quality.		particular interest because the perceived value of mandatory audit partner rotation may well change when it becomes the standard. -Research to disentangle the effects of voluntary versus mandatory audit partner rotation to specifically showcase the implications of current mandatory requirements.	

Kraub and Zuch(2013)The relation of auditor tenure to audit quality :Empirical evidence from the German audit market.		-A sample of 1071 firm observations of large listed firms for a sample period 2005-2011 -Descriptive statistics Use of discretionary accruals as proxy for audit quality	-Auditor tenure -Audit quality	-Neither short term nor long term audit tenure affect audit quality. The opposite effects of auditor independence and client specific knowledge compensate each other over the audit period.	The empirical results demonstrate that neither short term tenure nor long term tenure affect audit quality in Germany**.**	Future research studies using alternative audit quality measures (e.g., qualified audit opinions, qualified going-concern opinions, accounting restatements or audit fraud) in order to provide a comprehensive understanding about audit tenure effects on audit quality in Germany.	Quantitative
Olowookere and Adebiyi (2013). Mandatory audit firm rotation and audit quality in Nigerian deposit money banks.	Lending credibility theory	15 Banks were purposively selected out of the 20 banks insured by the Nigerian deposit insurance corporation. Both primary and secondary was collected. Data analyzed using the binary logistic regression.	-Mandatory audit firm rotation -Audit quality	- Mandatory audit firm rotation has an adverse effect on the quality of audit and on the long-term sustainability of the auditing profession.	No evidence that mandatory audit firm rotation will improve audit quality in Nigerian banks	.	Qualitative and quantitative
Mohamed and Habib (2013). Auditor independence, audit quality and the	Agency theory	Survey analysis using a questionnaire distributed to 50 auditors randomly	-Auditor independence, -audit	-Lack of auditor independence in Egypt.	-Extended auditor client relationship will enhance audit	-Undertake a similar study on auditors working in local audit firms that are	Qualitative

mandatory auditor rotation in Egypt		selected from the big four audit firms operating in Egypt.	quality and -mandatory auditor rotation	-Mandatory audit firm rotation was recommended to enhance auditor independence instead of audit-partner rotation	quality. -closely held companies was a cause of lack auditor independence in Egypt.	not big four using other proxy measures for audit quality.	
Adeniyi and Mieseigha(2013)Audit Tenure: An Assessment of its Effects on Audit Quality in Nigeria.	Lending credibili ty theory**.**	A sample of 50 companies out of the 199 listed equities selected using simple random sampling analyzed using binary logit regression model.	-Audit Tenure -Audit Quality	An inverse relationship between audit tenure and audit quality. -corporate governance aspects (board size, board dependence, and director ownership) had an inverse relationship with audit quality.	The relationship between audit partner tenure and audit quality is negative though not significant. -Other explanatory variables affect audit quality apart from the ones studied.	X-raying the impact of auditor tenure on audit quality will require more ex-post evidence across different contexts.	Qualitative
Bhasin M. (2013). Corporate accounting scandal at Satyam: A case study of India's Enron.		Case study	Fraudulent Financial reporting Auditor independen ce	Fraudulent disclosure on financial reporting caused by creative accounting.	Compromised auditor independence caused by increased audit fee		Case study

Ouyang B and Wan Huishan (2013).Does audit tenure impair auditor independence? Evidence from option backdating scandals	Agency theory	Exploratory study, using a sample of 4044 observations drawn from compustat and responsibility research centre analyzed using logistic regression model.	Audit tenure Auditor independence	Long audit tenure firms have high chances of backdating stock options.	Long audit tenure is detrimental to auditor independence.	- A study to address other concerns of the regulator apart from mandatory auditor rotation considered in this study.	Quantitative
Anis A. (2014). Auditors' Perceptions of Audit Firm Rotation Impact on Audit Quality in Egypt.		Survey based approach using a sample of 83 auditors in a number of Big-Sized and Non-Big Sized audit firms in Egypt.	-Mandatory tenure -Audit quality Client specific knowledge -Industry specialization -Fees dependence -Auditors independence.	-Long auditor tenure has a negative effect on audit quality. -Industry specialization enhances audit quality. -Mandatory partner rotation improves audit quality. -Fees dependence compromise audit quality. -Client specific knowledge improves audit quality.	The longer the auditor tenure the low the auditor quality while the relation between mandatory auditor rotation and client specific knowledge is negative. However, auditor industry specialization can offset the negative effect of mandatory rotation on audit quality.	-The perception of other interested parties such clients, auditing profession association and legislators be investigated -Testing of the causal relationship Using case studies from different audit firms with different audit tenure**.**	Qualitative
Rahmina and Agoes (2014) Influence of		Regression analysis to establish the	-Auditor independen	-Auditor independence,	- Auditor independence	An examination of other factors	Quantitative

auditor independence, audit tenure, and audit fee on audit quality of members of capital market accountant forum in Indonesia		relationships from data collected by questionnaire from 150 respondents comprising auditors who worked on public accountant forum of capital market Indonesia	ce, -Audit tenure, -Audit fee -Audit quality	audit fees individually have positive influence on audit quality. -while auditor independence, audit fees and auditor tenure simultaneousl y affect audit quality positively, but individually auditor tenure insignificantly affect audit quality.	and audit fee significantly affect audit quality while the effect of auditor tenure is not significant.	including the auditor's understanding of internal control, auditor's size, auditor's industry specialization, audit risk, and other various factors beyond the model influence on audit quality.	
Lennox et al., (2014):Does Mandatory Rotation of Audit Partners Improve Audit Quality?	Agency theory	Survey research using a sample of 6,341 audits in China conducted between 2006 -2010-Audit adjustments (Misstatements)	-Mandatory Rotation of Audit Partners - Audit Quality	Mandatory audit-partner rotation results in higher quality audits in the years' immediately surrounding rotation.	Mandatory rotation results in higher audit quality.	-A study to test whether mandatory audit firm rotation would yield incremental benefits for audit quality beyond those detected from mandatory partner rotation.	Quantitative
Salleh and Jasmani (2014) Audit rotation and audit report: Empirical evidence from Malaysian PLCs over the period of	Lending credibili ty theory	A sample of 156 companies selected through stratified random sampling from a population of 781	-Audit rotation and -Audit report:	Qualified audit opinions are mostly issued by the non-big four audit	-Audit opinion is not the major reason for audit rotation in developing	A study on other aspects that contained in the audit report that can influence audit	Qualitative

ten years.		public listed companies resulting into a total of 1445 audit reports. Secondary data was used available from annual reports and Chi-square test used to test relationships.		firms - Association between audit firm reputation and mandatory audit partner rotation was significant. -Auditor rotation is not influenced by audit opinion. -Auditor rotation is influenced by the size of the audit firm.	countries and that audit firm size whether big- 4 or non-big 4 audit firm affect both audit firm and audit partner rotation.	quality apart from audit opinions.	
Antonio and Bassetti (2014) Rotation of independent auditors and analysis of their reports before and after rotation in Brazil.	**N/A**	Exploratory and empirical study using reports from a sample of 151 Companies selected from the Brazilian securities commission. -Content analysis was used to analyze the data by categorizing the various opinions in the audit report and nature of audit firm whether big 4 or non big 4.	Auditor rotation. Audit reports.	-Majority of the analyzed firms received a clean report before rotation while 21.9% of the firms received a report with reservations and no adverse opinion was provided. -The change of results after rotation were	-More audit firms were engaged in audit after rotation. -Big four continued to dominate after rotation. -Effect of rotation policy does not have a significance on the rigor of opinions issued. -On paragraphs containing	-A study on the identification of the reasons for emphasis paragraphs and their absolute frequency. -Analysis of the audit reports of Brazilian companies with dual listing that by regulatory requirement or spontaneously changed audit firms.	Qualitative

				to a small extent.	emphasis of matters rotation policy did not enhance auditor independence.		
Said K.and KhasharmeshH. (2014). Auditors' Perceptions on Impact of Mandatory Audit Firm Rotation on Auditor Independence -Evidence from Bahrain.		-Survey design Questionnaire distributed to all auditors working in the 25 audit firms in Bahrain and analyzed using descriptive statistics	Mandatory audit firm rotation -Audit quality Perception of audit firms	-significant relationship between mandatory audit firm rotation and audit quality -long-term audit tenure affects audit quality negatively	Statistically significant relationship between mandatory audit firm rotation and auditor independence and that rotation rules were given limited attention among the auditing firms in Bahrain.	-Investigation on the perception of institutional and private investors ,audit committees and members of regulatory authorities on auditor independence. -A comparative study on MAR practice for different countries with emerging capital markets.	Qualitative
IdawatiW. (2014)Effect of Audit Rotation, Audit Fee and Auditor Competence to Motivation Auditor and Implications on Audit Quality (Study in Registered Public Accountant Firms At Bank Indonesia)	Lending credibility theory	Explanatory research design based on a proportionate randomly selected sample of 103 public accountant firms registered at bank Indonesia. Data collected was analyzed by use of path analysis.	-Audit rotation -Audit fee -Auditor competence -Audit quality	A positive correlation between audit rotation, audit fee and auditor competence and a partial and simultaneous correlation between stated variables and	Audit Rotation, Audit Fee and Auditor Competence to Motivation Auditor influence audit quality positively.	Study on other variables that are perceived to have effect on auditor quality.	Qualitative

				auditor motivation and audit quality.			
Elder et al. (2015) Auditor rotation effect on audit quality in a government audit market. The study data from the Florida government audit market.		A survey of 453 Florida city and county government finance directors of which 232 responses were received. This was supplemented with historical information regarding independent audit firms between 1998-2003 from the state auditor general office. Data analyzed using descriptive statistics.	-Auditor rotation Audit quality	Rotation policies are indirectly associated with higher audit quality. Use of auditors that specialize in government audits rather than auditor independence.	Changes in firm strategy, and market changes, periodic evaluation of audit firm capabilities allows governments to select audit firms with a desired level of expertise.	A study to provide evidence to understand differences between entities that evaluate but retain their incumbent auditor and entities that elect to make an auditor change.	Qualitative
Al-Khoury, Ali, Al-Sharif,Hanania, Al-Malki and Jallad (2015) Auditor Independence And Mandatory Auditor Rotation In Jordan	Lending credibility theory	-survey research design on 130 respondents from audit firms in Jordan analyzed using an econometric model	Auditor independence -Mandatory auditor rotation	Auditor independence positively affect auditor-client relationship and MAR.Negative effect on audit fee and non with audit tenure	-Positive relationship between auditor rotation and auditor independency -Negative relationship between audit fees and auditor independency	-A study on other variables perceived to influence auditor independence such as close personal relationship, non-audit services, goods and services from the client etc.	Qualitative
Gwizu et al (2017) Mandatory audit firm rotation and audit quality		A sample of 33 companies that was selected from a	Mandatory audit firm rotation	-A strong positive linear relationship	-Quality of audits are improved when	-Influence of auditor on the relationship between Mandatory	Quantitative

in Zimbabwe.		population of 77 companies made up of 15 auditing firms listed on the Zimbabwe Stock Exchange. Using both primary data and secondary data, analyzed using Pearson regression and correlation analysis.	-Audit quality.	between mandatory audit firm rotation and audit quality while the relationship between length of auditor tenure and audit quality was negative. -Enforcement of the law, conducting of workshops and stakeholder training were identified as the positive measures that can enhance mandatory audit firm rotation.	auditors are rotated. -A negative relationship between audit tenure and audit quality is an indication that the long tenure lowers audit quality. -Enforcement of the law, conducting of workshops and stakeholder training can lead to mandatory auditor rotation	audit firm rotation and audit quality in Zimbabwe.	
Eyenubo,Mohamed and Ali (2017).The effect of auditor tenure and financial reporting quality in Nigerian listed companies.	-Agency theory -Stakeholder Theory		-Auditor tenure -Financial reporting quality -Audit quality	The findings provide conflicting evidence between audit firm tenure and financial	-The range of the audit firm tenure should be between one and three years in order to strike a balance between	-Further study on the optimum audit tenure to optimize the benefits of rotation and minimize the auditor rotation costs.	Qualitative

			-Auditor independence. -Fraud	reporting quality. -short audit tenure produces a high financial reporting quality and vice versa.	short and long tenure so as to prevent fraud and improve audit quality.		
Imegi and Oladutire (2018).Mandatory auditor rotation and audit quality in Nigeria financial sector.	-The policeman theory -Agency theory	All the listed banks on Nigerian stock exchange as at 31st December, 2016. Secondary data comprising the annual reports and statements of accounts from Nigeria stock exchange. 14 banks for 2010-2015 were sampled and data was analyzed using ordinary least squares (OLS).	Mandatory Auditor rotation -Audit quality	The results indicate a positive relationship between mandatory auditor rotation and audit quality.	Mandatory auditor rotation and audit type are the major significant variables in determining audit quality reports in Nigeria.		Quantitative
Apandi(2018) AuditTenure and Investor's Perception on Audit Quality Before and After Implementation of The SA 240	-Agency theory - Lending credibility theory	Quantitative research using a sample of 134 companies in the manufacturing industry listed in the Indonesia stock exchange in 2012 and 2013	-Audit Tenure -Investor's Perception-Audit Quality	-while the effect of audit firm tenure on audit quality before mandatory regulation was not significant but was	-Audit quality is negatively affected by long public accounting firm audit tenure.	-Examination of the fraud risk assessment that leads to occurrence of fraudulent reporting . -Reassess the rules of engagement to establish the	Quantitative

				positive thereafter.		appropriate time length of the audit engagement n order to improve audit quality.	
Wiggins, Rosalind Z.; Bennett, Rosalind L.; and Metrick, Andrew (2019) "The Lehman Brothers Bankruptcy D: The Role of Ernst &Young		Case study	Auditor independence, Audit tenure Auditors' responsibility.	The independence of the auditor was compromised.	Consideration be given to the role and effectiveness of independent auditors.		Case study
Narayanaswamy, R. and Raghunandan K. (2019). The Effect of Mandatory Audit Firm Rotation on Audit Quality, Audit Fees and Audit Market Concentration: Evidence from India		Data obtained from Prowess database for listed firms. 4087 firm year observation analyzed using regression analysis.	-Mandatory Audit Firm Rotation -- Audit Quality -Audit Fees and -Audit Market Concentration:	Mandatory audit firm has not improved audit quality. Further, mandatory audit firm rotation has no significant effect on audit fees. Finally, mandatory audit firm rotation is associated with higher audit market concentration	Mandatory auditor rotation does not influence audit quality.	Study on the costs and benefits are necessary before implementing radical solutions to address the problems of low audit quality is required.	Quantitative

4.0 DISCUSSIONS

4.1 Summary of major contributions

Chi et al. (2005) on studying the concept of mandatory audit -partner rotation from the Taiwanese setting contends that mandatory audit-partner rotation may not meet the objective of attaining audit quality. The study also brings out the perception of the investor on audit- partner rotation. The auditor rotation is perceived by the investors as a means of improving the independence in appearance hence restoring investor confidence.

The studies by Firth, Rui and Xi Wu (2011) contributes to the literature by bringing out the effect of various forms of auditor rotation on audit quality using the modified auditor opinion as a proxy measure of audit quality a case of China a developed country. The study also addresses the concept of legal institutions and their influence on audit quality.

Anis A. (2014) study on auditors' perceptions of audit firm rotation impact on audit quality in Egypt contributes to the existing literature by providing views from the practicing auditor context. The study proposes the appropriate tenure as between 3-5 years before changing the auditor, an important factor to regulators and public policy legislators in Egypt. Further, the study contributes by bringing out the perceived moderating effect of client-specific knowledge, industry specialization, fee dependence and auditors' independence on the association between mandatory rotation and audit quality.

Adeniyi and Mieseigha (2013) study adds to the literature from the aspect of the effect of audit tenure on audit quality from a developing country context and by incorporating the impact of corporate governance variables on audit quality.

Gold,Molls,Pott and Watrin (2012) study contributes to the debate on auditor rotation by examining and differentiating between engagement partners and review partners tenure and rotation and how they impact the quality of audit.

4.2 Major inconsistencies in theory, concept and findings and conclusions/inferences.

No major inconsistencies are noted on theories applied in the studies reviewed. On the concepts, mandatory audit rotation, audit tenure are related to the dependent variable audit quality. The issue noted is on the use of alternative concepts for audit quality such as audit reports(Antonio and Bassetti,2014,Salleh and Jasmani,2014)) ,auditor independence(Ouyang B and Wan Huishan ,2013) and financial reporting quality (Eyenubo,Mohamed and Ali ,2017).

The choice of the type of selected proxy measures of audit quality is wanting. For example, Adeniyi and Mieseigha (2013) in their study, type of audit firm whether big-four or not is used as a proxy measure of audit quality. However, to be audited by a Big four audit firm does not translate to high quality audit process. Conversely, Mohamed and Habib (2013)in their paper, six different proxies are used, these are: the audit report, the audit report lag, the auditor experience, the auditor reputation, the auditor fees and the level of earnings management as measures of audit quality. These measures were chosen as they are the most widely used in the literature and the mostly used in empirical studies of assessing the impact of the auditor independence, audit quality and the mandatory auditor rotation .Gold,Molls,Pott and Watrin (2012) study relying on measurements from the literature to develop a model of accrual determinants posits that measurement error problems are unavoidable when using indirect proxies for audit quality.

On mandatory audit firm rotation and its impact on audit quality studies reviewed provide inconsistent results. Some indicate that audit partner rotation positively affect audit quality(Firth, Rui and Xi Wu ,2011),while others do not support the idea of audit partner rotation() and others provide mixed results (Chi, Wuchun et al.,2005,).On mandatory audit firm rotation some studies

show no evidence that it can improve audit quality (Onwuchekwa et al,2012,Olowookere andAdebiyi,2013,Narayanaswamy and Raghunandan,2019).While some indicate a positive relationship (Said and Khasharmesh,2014,Gwizu et al., 2017).Overall the results are mixed.
On auditor tenure its premised that a long-term auditor client tenure will negatively affect the independence of the auditor due to the familiarity threat hence poor quality audit. The reviewed literature provides mixed evidence on this issue. Several studies report a negative or insignificant relationship on audit quality(Gold et al.,2012,Adeniyi and Mieseigha,2013,Ouyang and Wan Huishan,2013,Anis A.,2014), while other studies document a positive association (Shafie et al.,2009,Siregar et al.,2012,Lennox et al., 2014) and other studies provide mixed results that neither short nor long auditor tenure affect audit quality (Kraub and Zuch,2013,Eyenubo,Mohamed and Ali ,2017).

4.3 Relationship with the general discipline.

The main purpose of accounting is to prepare financial statements to inform external users about the entity's financial and economic situation. Financial statements disclosure should help reduce the information asymmetry that exists between internal and external users. Published financial statements are assumed to provide information that is both credible and useful. Nevertheless, fraud scandals have been witnessed in the recent past as earlier stated involving highly known corporations like Enron, Worldcom, Parmalat etc that harmed several stakeholders. Due to restatements and bankruptcies, financial statements have lost their creditability raising the integrity question. Razzae (2004) on the other hand likens this failure to the erosion of the public confidence in the auditing process.

Auditing is a process of dealing with financial statements by studying them and the supporting documents for the auditor to reassure about the implied proposition of the management. The purpose is to achieve a rational principle that can guide the auditor in providing an opinion on the suitability of information contained in the financial statements and confirming their conformity to the generally accepted auditing principles. To be valuable the information provided by financial statements to the various stakeholders must be of high quality to aid in making informed decisions. Accordingly, auditing is considered as an equipment which can provide assurance of information quality to the users of financial statement information.

Auditing provides the users of financial statements with an independent opinion on whether the financial statements represent a true and fair view the state of affairs of the company in all material respects in accordance with applicable financial reporting framework. Thus, the responsibility of the auditor is to provide assurance to the shareholders on the reliability, compliance to regulations and accounting entity policies. (Salleh and Jasmani ,2014).

The independence of the auditor comes into play. To add value, the auditor ought to be independent both in fact and appearance. He/she must be objective or independent of information of the audited entity. This implies that financial interest, pressure from the client and familiarity threat due to long tenure must not impair the auditors' judgment. Thus, for auditor rotation aspect to achieve its objective the auditor needs to be independent.

4.4 Propositions on the thematic area identified in the introduction.

Auditor independence mediates the relationship between mandatory auditor rotation and audit quality. This is necessitated by the fact that auditor independence influences the auditor’s ability to objectively disclose a financial reporting problem encountered during the audit. From the studies reviewed the following propositions arise;

i. The influence of mandatory audit firm rotation on audit quality.
ii. The influence of mandatory audit partner rotation on audit quality.
iii. The influence of audit tenure on audit quality.
iv. The role of auditor independence in the relationship between mandatory auditor rotation and audit quality.

5.0 CONCLUSION

The quality of the audit is an audit conducted by following standards of auditing that enhances the detection and reporting of material misstatements in the financial statements of the client, disclosing errors or fraud, thus, providing assurance of internal controls and status of the client entity's going concern. This depends on the independence of the auditor. Auditors independence determines the auditor's ability to maintain an objective mental attitude and impartiality in the interest of the client in conducting the audit.

Mandatory auditor rotation contributes to audit quality through its effect on auditor independence. It is important for entities to consider rotating their auditors periodically as this will first enhance the independence of the auditor both in fact and in appearance. One reason is that the auditor expecting rotation will be motivated to do his audit with due diligence being aware that after rotation any misstatements done may be discovered and disclosed by the incoming auditor. Further, on advocating for auditor rotation the familiarity threat will be solved taking into account the fact that long tenure encourages monotony and boredom with a similar client and this may lead to poor audit process.

Thus, it can theoretically be concluded that the effect of auditor rotation on audit quality depends on the extent to which auditor rotation impact the independence of the auditor. High audit quality is achieved with increased auditor independence.

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