

FACTORS INFLUENCING THE QUALITY OF THE FINANCIAL AUDIT FROM THE AUDITOR'S PERSPECTIVE – EVIDENCE FROM ROMANIA

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Abstract

The quality of financial auditing is a primary objective for both financial auditors and the users of companies financial statements. The objective of this research is to analyse the key factors that influence the quality of financial auditing, primarily from the auditor's perspective. The purpose of the study is to provide a deeper understanding of the factors that determine audit quality by exploring how these factors affect audit outcomes, such as the type of opinion issued and the level of assurance provided, as well as the impact of auditor rotation on objectivity and the influence of audit firm size (Big 4 vs. non-Big 4) on audit quality. For the analysis, a sample of companies listed on the Bucharest Stock Exchange in both the main and secondary markets was selected. Information was extracted from the Audit Analytics database for the period 2016–2023. The results of this study confirm that Big4 auditors are generally more active on the main market, where a higher number of unmodified opinions are also recorded. The study also highlights the tendency of smaller firms or those on the secondary market to work with local auditors outside the Big 4 network. The key factors that influence the quality of financial auditing are multiple and interdependent, and understanding them is essential for improving practice in this field.

Keywords

quality, auditor rotation, audit opinion, auditor size, factors

JEL Classification

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