A Field Study on the Role of Peer Review in Enhancing the Quality of External Auditing and the Extent of Its Compatibility with the Tasks of the Quality Control Committee in the Algerian Environment

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Abstract
This paper aims to shed light on one of the mechanisms used to monitor the quality of external auditing, namely the Peer Review Program, and to determine its role in improving the quality of external auditing as well as its compatibility with the functions of the Quality Control Committee in the Algerian environment. To achieve this objective, a questionnaire was designed and directed specifically to professionals and academics in the fields of accounting and auditing.
After presenting both the theoretical and empirical aspects of the study, a key finding was reached: the Peer Review Program can be adapted to meet the requirements of the Algerian environment. In conclusion, the researcher proposed several recommendations, including the need to raise awareness about the importance of adopting quality control systems due to their effective role in developing and improving the performance of auditing professionals.
Keywords: Peer Review, Quality Control, External Audit Quality, Quality Control Committee, Algerian Environment.

Introduction

Since the beginning of this century, the external auditing profession has been subjected to considerable criticism due to major financial collapses experienced by several American and international companies. These events had a profound impact on the subsequent transformations and developments within the profession and encouraged the search for more effective methods and mechanisms to restore and maintain public confidence in auditing.
Achieving quality in auditing is of paramount importance for restoring trust in the profession. Consequently, professional organizations have continuously sought solutions that preserve the profession and maintain a certain level of performance. Quality control in auditing is considered one of the most important means of enhancing and improving audit quality through the establishment of standards concerned with quality control and the implementation of mechanisms to achieve it. These mechanisms mainly include Peer Review Programs and Audit Oversight Boards, with peer review being widely applied, particularly in the United States.
Within this context, many countries, including Algeria, have shown increasing interest in the quality of external auditing and in identifying appropriate means to achieve it, with the objective of keeping

pace with the rapid and continuous developments occurring in the auditing profession at both the international and national levels.
The problem addressed in this paper stems from examining the requirements for implementing quality control mechanisms, particularly the Peer Review Program, and assessing their consistency with the laws enacted by the Algerian legislator to reorganize the auditing profession, especially Law No. 10-01 and its complementary executive decrees. These regulations introduced numerous changes in professional practice aimed at emphasizing the provision of high-quality services, most notably the establishment of the Quality Control Committee to oversee audit quality. Accordingly, the study seeks to answer the following research question:
To what extent does the Peer Review approach contribute to improving the quality of external auditing? And to what extent is it compatible with the functions of the Quality Control Committee in the Algerian environment?
To address this research problem, the following hypotheses were formulated:
The Peer Review Program is one of the most important mechanisms for achieving quality control.
The use of the Peer Review Program contributes to improving the quality of external auditing.
The Peer Review Program can be adapted to meet the requirements of the Algerian environment.
To answer the research question and test the validity of these hypotheses, the study is structured into the following sections:
Section One:
Theoretical Framework of Peer Review and External Audit Quality.
Section Two:
The Peer Review Program and Its Role in Achieving External Audit Quality.
Section Three:
The Suitability of Peer Review within the Algerian Environment.

Chapter One: The Theoretical Framework of Peer Review and External Audit Quality

First: A Conceptual Introduction to Peer Review

1. Concept of Peer Review

Numerous studies have addressed the topic of peer review. Among the definitions provided is the following **(Lotfy, 2007, p. 421)**:
Peer review refers to the process whereby one audit firm evaluates the work of another audit firm and assesses the extent of its compliance with quality assurance requirements. It is an examination conducted by an accounting and auditing firm to determine whether another accounting and auditing firm complies with established quality control systems. Its objective is to determine and report whether the accounting firms under review have designed and implemented policies and procedures for the five elements of quality control and have effectively applied them in practice. If a firm does not undergo a peer review, all its members lose their eligibility as members of the American Institute of Certified Public Accountants (AICPA).
Peer review is defined as: “The evaluation of an audit firm's performance by one or more members of other audit firms.”
Another definition describes peer review as: “The process whereby an external audit firm affiliated with a particular professional body reviews another external audit firm belonging to the same body.”

Peer review is also defined as: "A system through which the expertise of auditing professionals is used to evaluate the quality of the work performed by other professionals in light of a set of general performance standards. The auditor conducting the evaluation possesses sufficient experience to assess the performance of another audit firm."

It has further been defined as: "The examination by an audit firm of another audit firm's quality control policies and procedures, as well as the review of a sample of audit engagements carried out by the firm under examination."

Another definition states that it is: "A form of external oversight of audit quality conducted by another audit firm with the objective of determining whether the audited firm maintains and effectively implements appropriate quality control systems."

2. Importance of Peer Review

The importance of peer review can be summarized in the following points **(Shalqami, 2014, pp. 79–80):**

It serves as a tool for assuring the quality of the audit process and all its stages, beginning with audit planning, followed by the implementation of audit procedures and the collection of audit evidence, and ending with the preparation of the audit report.

It helps verify that the audit firm conducts the audit process in accordance with professional performance standards and addresses the question: "Who audits the auditor?"

Peer review assists auditing practitioners in enhancing the effectiveness of procedures related to the practical implementation of the audit process.

The practice of peer review contributes to improving the performance of key auditing functions and provides guidance and professional advice in this field.

Peer review provides the foundation for developing and implementing strategic plans aimed at improving the auditing profession and enhancing audit quality.

It ensures that the procedures and mechanisms of each audit firm participating in the peer review program are subject to standardized rules and mechanisms established by the program.

Peer review helps identify fundamental weaknesses in the performance of the audit firm being evaluated and communicates these weaknesses to the firm so that corrective actions can be taken.

In addition, many stakeholders place significant importance on the peer review report, as it is used by the following parties **(Al-Nour, 2017, p. 30)**:

The independent public authority to which the inspection team conducting the review is affiliated.

• Peer review is routinely performed, and those responsible for it tend to focus more on form than on substance.

• Peer review is conducted by individuals who are not dedicated full-time to this task and may, in some cases, lack the necessary qualifications to perform it effectively.

Second: The Theoretical Foundation of External Audit Quality and Its Oversight

1. The Concept of External Audit Quality

1.1 Traditional Concept of External Audit Quality

DeAngelo is considered one of the first researchers to study and define the concept of external audit quality. She defined it as the probability that an external auditor will discover errors and deficiencies in a client's accounting system and report them in the audit report issued at the end of the audit process. **(PIGE, 2008, p. 179)**

This definition indicates that achieving audit quality depends on two fundamental conditions: **(Al-Barr, 2016, pp. 164–165)**
Detecting errors, deficiencies, and irregularities in the client's accounting system. The fulfillment of this condition depends on the auditor's competence and ability to identify such errors.
Reporting the findings in the audit report issued at the conclusion of the audit process. The fulfillment of this condition depends on the external auditor's independence and ability to disclose all errors and shortcomings.
Accordingly, under this approach, external audit quality is based on two key factors: competence and independence. Detecting errors and deficiencies in the accounting system requires professional competence, qualifications, and expertise, while reporting all findings in the audit report requires auditor independence.

1.2 General Concept of External Audit Quality

This concept is determined from the perspective of financial statement users and reflects the characteristics of the auditor's professional opinion, which seeks to satisfy their needs within the practical and economic constraints of the auditing environment. Among the definitions of external audit quality according to this perspective are the following:
External audit quality has been defined as the extent of the external auditor's ability to detect and disclose material errors and irregularities in financial statements, in addition to reducing information asymmetry between management and shareholders, thereby protecting shareholders' interests in situations where ownership is separated from management. **(Kamel, 2008, p. 06)**
In the context of meeting clients' needs, audit quality has also been defined as the degree to which the audit process fulfills the client's expectations regarding the detection of errors and their disclosure in the audit report, as well as the identification of irregularities related to the audited entity and its financial statement. **(Abdul Amir, 2015, p. 183)**

1.3 Operational Concept of External Audit Quality

Among the definitions that attempted to conceptualize audit quality from an operational perspective is the following:
External audit quality is defined as: "The external auditor's ability to detect errors and deficiencies in the client's accounting system and to reduce the risk of material misstatements in the financial statements to the lowest possible level, within the agreed audit fees. Therefore, the greater the probability of detecting errors and minimizing them to the lowest possible level, the higher the audit quality, and vice versa." **(Al-Taweel, 2012, p. 24)**

1.4 External Audit Quality from the Perspective of Professional Organizations and Bodies

Several professional organizations have provided definitions of external audit quality. Among the most prominent definitions are the following:
The American Institute of Certified Public Accountants (AICPA) defined external audit quality as follows: "External audit quality is achieved through compliance with auditing standards, the application of a set of quality control considerations within audit firms, and adherence to the ethical rules and professional conduct of the accounting and auditing profession." **(Shehata E.-S. S., 2013, pp. 380–381)**
The International Federation of Accountants (IFAC) also defined the concept of external audit quality in International Standard on Auditing (ISA) 220 concerning quality control for audits of financial

statements. This standard explains that the quality control mechanisms of external auditing consist of the policies and procedures implemented within audit firms to ensure that audit engagements are performed in accordance with generally accepted auditing standards and in compliance with professional ethics and conduct requirements. **(Shehata E.-S. S., Auditor Ethics Regulations, 2013, p. 118)**

5.1 Concept of External Audit Quality from an Academic Perspective

Some academic studies have adopted the concept of external audit quality as being primarily based on compliance with professional standards, while other studies have viewed external audit quality as the absence of material errors or misstatements in financial statements. Other research has approached external audit quality from the perspective of minimizing overall audit risk. **(Shehata, Abdel Wahab, & El-Sayed, 2006–2007, pp. 391–392)**

(Ali, Auditing and Corporate Governance, 2006–2007, pp. 391–392)

Based on the preceding definitions, external audit quality can be defined as the auditor's ability to detect errors and misstatements in financial statements, comply with professional standards and ethical rules of the profession, and fully disclose, with complete independence at the conclusion of the audit engagement, all material errors, misstatements, and deficiencies in a manner that satisfies the needs of users of those financial statements.

2. Objectives of Achieving External Audit Quality

These objectives can be summarized as follows: **(Jad'aan, 2016, p. 51)**

Ensuring compliance with professional standards;

Reducing agency and justification costs;

Enhancing the likelihood of detecting irregularities and errors in financial statements;

Contributing to narrowing the expectations gap;

Improving performance and increasing competitiveness;

Increasing confidence in the auditor's report and the credibility of financial statements;

Supporting and strengthening the concept of corporate governance.

3. Quality Control in External Auditing

The concept of quality control in auditing is considered complex because the auditing profession possesses characteristics that distinguish it from other professions. One of the most important of these characteristics is that many parties rely on the auditor's report when making decisions, and each of these parties may have a different understanding and interpretation of audit quality. **(Mohammed, 2007, p. 53)** Quality control in external auditing is defined as: "All measures used by an audit firm and designed to assist in conducting audit engagements with a high degree of quality and excellence. It is the means through which an audit firm can obtain reasonable assurance that the opinions expressed in its audit engagements reflect compliance with International Standards on Auditing, as well as any legal, contractual, or professional requirements established by the firm itself. Quality control also promotes adherence to the personal standards appropriate to the work of auditors, as stipulated in professional codes of conduct issued by accounting bodies. It is important that these measures be designed to enable the auditor to form a sound opinion regarding the financial statements and to express that opinion clearly in a manner that enhances its reliability for users of financial information."

(Dahmash, 1994, p. 02)

The American Institute of Certified Public Accountants (AICPA) defined external audit quality as follows: “External audit quality is achieved through compliance with auditing standards, the application of a set of quality control considerations within audit firms, and adherence to the ethical rules and professional conduct of the accounting and auditing profession.” (Ali, 2013, pp. 380–381)

The International Federation of Accountants (IFAC) also defined the concept of external audit quality in International Standard on Auditing (ISA) 220 concerning quality control in the audit of financial statements. This standard explains that external audit quality control tools consist of the policies and procedures implemented within audit firms to ensure that audit engagements are performed in accordance with generally accepted auditing standards and in compliance with professional ethical rules and conduct. **(Shehata E.-S. S., Auditor Ethics Regulations, 2013, p. 118)**

1.5 Concept of External Audit Quality from an Academic Perspective

Some academic studies have adopted the concept of external audit quality as being primarily based on compliance with professional standards, while other studies have viewed external audit quality as the absence of material errors or misstatements in financial statements. Other studies have approached external audit quality from the perspective of minimizing overall audit risk. **(Shehata, Abdel Wahab, & El-Sayed, 2006–2007, pp. 391-392)**

Based on the previous definitions, external audit quality can be defined as the auditor’s ability to detect errors and misstatements in financial statements, comply with professional standards and ethical rules and conduct, and strive to disclose, with complete independence at the conclusion of the audit process, all material errors, misstatements, and deficiencies, thereby meeting the needs of users of financial statements.

2. Objectives of Achieving External Audit Quality

These objectives can be summarized as follows: **(Jad'aan, 2016, p. 51)**

Ensuring compliance with professional standards;

Reducing agency and justification costs;

Enhancing the ability to detect violations and errors in financial statements;

Contributing to narrowing the expectations gap;

Improving performance and increasing competitiveness;

Enhancing confidence in the auditor’s report and the credibility of financial statements;

Supporting and strengthening the concept of corporate governance.

3. External Audit Quality Control

The concept of quality control in auditing is considered a complex one because the auditing profession possesses characteristics that distinguish it from other professions. One of its most important features is that many parties rely on the auditor’s report when making decisions, and each of these parties may have a different perception and interpretation of audit quality. **(Mohammed, 2007, p. 53)** .

External audit quality control is defined as: “All measures used by an audit firm and designed to assist in performing audits with a high degree of quality. It is the means through which an audit firm can obtain reasonable assurance that the opinions expressed in its audit engagements reflect compliance with International Auditing Standards, as well as any legal, contractual, or professional requirements established by the firm itself. Quality control also encourages adherence to the personal standards appropriate to the work of auditors, as set out in professional codes of conduct issued by accounting bodies. It is important that these measures be designed with the objective of enabling the auditor to form a sound opinion on the financial statements and to express that opinion clearly in a manner that enhances its reliability for users of financial information.” **(Dahmash, 1994, p. 02)**It has been defined as: "The means used to ensure that the audit firm fulfills its professional responsibilities toward its clients. These means include the organizational structure of the audit firm and the procedures it implements." **(Arens, 2002, p. 44)**

It has also been defined as: "Procedures and policies established by the audit firm itself to ensure that these procedures are implemented in order to achieve at least the minimum required level, namely compliance with the applicable professional standards." **(Al-Tamimi, 2004, p. 68)**

Based on the above, quality control can be defined as: "The set of measures employed by the audit firm, whether related to the firm as a whole or to specific audit engagements, to ensure that assignments are carried out in accordance with professional standards and that audit services are provided to stakeholders at a high level of quality that satisfies their expectations."

Given the growing importance of monitoring the professional performance quality of accounting and auditing firms, most countries have focused on improving the level and effectiveness of professional quality control programs.

Quality control programs for professional performance have agreed on the importance of inspections to determine the extent to which an audit firm complies with quality control standards. Such inspections may be conducted either by an external team or by an internal body within the audit firm itself to assess the adequacy of the control procedures applied within the firm. These controls include: **(Shamali, 2007, p. 50)**

Internal quality control of performance: Responsibility lies with the audit firm itself, which must establish a set of policies and procedures that ensure the achievement of the required quality of performance in accordance with the applicable standards.

External quality control of the auditor’s professional performance: This is carried out by a peer review team from outside the audit firm under the supervision of the authority responsible for issuing and regulating securities, and it is conducted once every three years.

4. Importance

Through the design of a quality control system, audit firms seek to achieve the following objectives: **(Al-Dhala'i, 2004, p. 22)**

Ensuring that firms comply with generally accepted auditing standards;

Ensuring compliance with local laws, contracts with clients, and the professional standards established by the firm to regulate its work;

Ensuring adherence to ethical and personal conduct standards;

Ensuring that firms perform their work efficiently, at minimum cost, according to the established timetable, and with increased profitability;

Reducing the likelihood of legal problems and liabilities, and avoiding cases of professional negligence;

Demonstrating the existence of professional self-development programs that provide reasonable assurance that auditors adhere to the highest levels of professionalism;

Assisting the profession in maintaining its reputation;

Improving the services provided by the profession to clients;

Enhancing the efficiency of practical and professional practice;

Providing guidance on the procedures that auditors must follow to comply with the fundamental principles governing the delegation of work to assistants in audit engagements.

In light of this importance, Algeria has also sought to advance the auditing profession and improve the performance level of its practitioners by reorganizing the accounting and auditing profession through the issuance of Law No. 10-01 concerning the professions of Chartered Accountant, Statutory Auditor, and Certified Accountant, which specifies the conditions and procedures governing the practice of these three professions. **(Algeria., 2010, p. 04)**

To further emphasize the importance of achieving audit quality control, a Quality Control Committee was established by the National Accounting Council pursuant to Article (5) of the same law. The responsibilities of this committee include: ...

The Committee, pursuant to Executive Decree No. 11-24, is entrusted with the following responsibilities: **(Algeria, 2011, p. 07)**

Developing working methods in the field of service quality;

Providing opinions and proposing draft regulatory texts related to quality matters;

Ensuring the quality of audits entrusted to accounting professionals;

Developing standards that define the procedures for organizing and managing professional firms;

Establishing measures that ensure quality control of services provided by firms;

Monitoring compliance with independence and ethical requirements;

Preparing a list of inspectors selected from among professionals to carry out quality control assignments;

Organizing seminars on the technical quality of professional work, ethics, and professional conduct that practitioners should demonstrate in consulting activities and client relations.

Section Two: The Peer Review Program and Its Role in Achieving External Audit Quality

First: The Peer Review Program for Verifying the Quality of External Audit Processes

The peer review program includes three types of reviews designed to verify the quality of external audit processes: **(Siam, 2004, p. 03)**

System Review:

This review aims to ensure that the quality control system applied to audit engagements within audit firms complies with the quality control standards issued by the American Institute of Certified Public Accountants (AICPA). It also seeks to verify the proper implementation of quality control policies and procedures as planned.

Engagement Review:

This review aims to ensure that auditors comply with the relevant professional standards when undertaking engagements with clients and that the documentation maintained by the audit firm satisfies the requirements stipulated in auditing and accounting service standards.

Report Review:

This review aims to verify that the auditor performs his or her work with the highest level of accuracy and professionalism in accordance with the engagement established with the client.

Second: The Relationship Between Peer Review and External Audit Quality

Conducting peer reviews generates benefits for both the auditing profession and audit firms. It helps audit firms achieve quality control standards, while at the professional level it contributes to improving practitioners' performance and ensuring that audits are conducted at a high level of quality.

Audit firms subject to peer review can improve various aspects of their professional practices. **(A, James, Loebbecke, & Alvin, 2002, p. 48)**
The benefits of peer review for audit firms can be summarized as follows:
Achieving compliance with quality control standards;
Enhancing and maintaining a good professional reputation;
Reducing the likelihood of litigation;
Performing audits in accordance with high-quality standards.
In addition to providing benefits to the profession in general, it contributes to improving the performance of practitioners within the profession. **(Abu Zar, 2010, p. 14)**
Regarding the relationship between peer review and external audit quality, some argue that the peer review process is costly and that a cost-benefit analysis should be conducted. **(Karajah, 2004, pp. 86-87)**
The benefits of peer review justify its costs, and there is a positive trend toward adopting this program. Partners in audit firms that have undergone peer review recognize that peer review serves as an incentive to comply with professional standards and publications. It also increases confidence in firm members, quality control procedures, staff morale, the firm's position and reputation among peers, and the audit firm's ability to detect material errors.
There is a positive and significant relationship between peer review and external audit quality. Audit quality improves whenever auditors are aware that their work will be reviewed by an independent third party.
Most external auditors believe that peer review has contributed to improving the quality of external audit work and has provided appropriate evidence supporting the profession's self-regulation. **(Al-Dhala'i, 2004, p. 27)**
Some believe that peer review conducted by one audit firm of another under what is known as self-regulation has failed. **(Abu Zar, 2010, p. 14)**. Furthermore, appointing an auditor to conduct a peer review by the same audit firm whose work will be reviewed is considered a significant departure from objectivity and impartiality. **(Karajah, 2004, p. 86)**
Based on the foregoing, and by comparing the peer review program with the functions of the Quality Control Committee mentioned earlier, it can be said that the primary objective of both is to achieve quality control. The Algerian legislator did not explicitly refer to the peer review program; rather, its use was implicitly suggested through the Quality Control Committee, which selects reviewers from among professionals to carry out quality control assignments. This approach also emphasizes the importance of maintaining the independence and objectivity of audit firms by preventing them from selecting their own peers and instead assigning this responsibility to the committee.
The other functions of the Quality Control Committee also allow for the implementation of various peer review procedures, including system review, engagement review, and report review.
As for the costs associated with implementing this program, no reference has been made to them, nor has the party responsible for paying the reviewers' fees been specified. It remains unclear whether these costs will be borne by the committee that appointed them or by the audit firms subject to inspection.
In conclusion, through the issuance of Law No. 10-01 and its complementary executive decrees, particularly Executive Decree No. 11-24, the Algerian legislator emphasizes the necessity of ensuring

audit quality control in a manner consistent with the requirements of the Algerian environment. To verify this in practice, the following section is devoted to surveying the opinions of both professionals and academics.

Section Three: The Suitability of Peer Review for the Algerian Environment

In order to determine the importance of the peer review program in achieving external audit quality and the extent of its compatibility with the Quality Control Committee established under Law No. 10-01, as well as to test the validity of the study's hypotheses, a questionnaire was designed and distributed to both audit practitioners and university professors specializing in accounting and auditing. This section presents the methodology used in the field study and discusses its findings.

1. Population and Sample of the Study:

Study Population:

The study population consisted of practitioners and academics in the field of accounting and auditing in the Province of Chlef. A total of 46 questionnaires were distributed, of which 39 were returned. Eight (08) questionnaires were excluded due to incomplete responses. Consequently, the final study sample consisted of 31 participants.

2. Research Instrument:

The questionnaire was designed based on the theoretical framework of this study and consisted of two sections. The first section included general information about the study sample, while the second section addressed the role of peer review in improving the quality of external auditing and the extent to which it aligns with the responsibilities of the Quality Control Committee in the Algerian environment.

This section comprised three dimensions:

The first dimension focused on introducing the concept of peer review and included five (5) items.

The second dimension examined the relationship between the peer review program and achieving quality in external auditing and included six (6) items.

The third dimension investigated the suitability and compatibility of peer review with the tasks of the Quality Control Committee and also included six (6) items.

In addition, the questionnaire provided explanations of the key concepts of the study, namely audit quality, quality control, and peer review.

3. Statistical Methods:

Descriptive statistics were used to process the data, including frequencies, percentages, arithmetic means, and standard deviations, using the Statistical Package for the Social Sciences (SPSS Version 26). Furthermore, a one-sample t-test was conducted to test the validity of the hypotheses adopted at the beginning of the study. This test compares the mean of each dimension with a theoretical value of (3) at a significance level (α) of 5%.

4. Analysis of General Information about the Sample:

The collected information can be summarized in the following tables:

4.1 Respondent Category:

The study targeted professionals practicing the auditing profession in the Province of Chlef, in addition to accounting and auditing faculty members at Hassiba Ben Bouali University of Chlef. The obtained results are presented in the following table:

Table 1: Distribution of the Study Sample by Respondent Category

Percentage (%)	Frequency	Category
29	09	Professional
71	22	Academic
100	**31**	Total

Source: Prepared based on the results of the SPSS statistical software (Version 26).

Table (1) shows that the majority of respondents were academics, representing 71% of the sample, while professionals accounted for 29%. This distribution is mainly due to the significant reluctance of professionals to respond to the questionnaire, citing their limited familiarity with the peer review program and insufficient knowledge of the responsibilities of the Quality Control Committee, largely because the committee has not yet been fully activated.

4.2 Educational Qualification:

The results obtained can be presented in the following table:

Table 2: Distribution of the Study Sample by Educational Qualification

Percentage (%)	Frequency	Educational Qualification
38.7	12	PhD
35.5	11	Master's Degree
6.5	02	Bachelor’s Degree
19.3	06	Professional Certificate
%100	**31**	Total

Source: Prepared based on the results of the statistical software SPSS V26.

From the table above, it can be observed that the educational qualifications of the sample members varied. The highest percentage was recorded among holders of doctoral degrees, accounting for 38.7%, followed by holders of master’s degrees at 35.5%, then holders of professional certificates at 19.3%, while the lowest percentage was among bachelor’s degree holders at 6.5%. These proportions are expected to strengthen the study results.

4.3 Professional Experience

The number of years of professional experience of the sample members can be illustrated through the following table:

Table No. (3): Distribution of the Study Sample According to Years of Professional Experience

Percentage	Frequency	Years of Experience
25.8	8	Less than 5 years
25.8	8	From 5 years to less than 10 years
48.4	15	10 years or more
% 100	**31**	Total

Source: Prepared based on the results of the statistical software SPSS V26.

Table (3) shows that nearly half of the sample members have more than 10 years of experience, representing 48.4% of the sample. In addition, 25.8% have between 5 and 10 years of experience, while another 25.8% have less than 5 years of experience. This result enhances the ability of the respondents to provide answers based on substantial professional experience.

5. Reliability Coefficient Calculation

To ensure the reliability of the study instrument, Cronbach's Alpha coefficient was calculated for each study dimension. The results were as follows:

Table No. (4): Reliability Coefficients of the Study Dimensions.

Cronbach's Alpha	Number of Items	Dimensions
0.745	05	First Dimension: Concept of Peer Review
0.652	06	Second Dimension: Relationship Between the Peer Review Program and Achieving Quality in External Auditing
0.604	06	Third Dimension: Extent of Compatibility Between Peer Review and the Duties of the Quality Control Committee in Algeria
0.760	17	Overall Questionnaire

Source: Prepared based on the results of the statistical software SPSS V26.

It can be noted from Table (4) that most Cronbach's Alpha values exceed 60%, which is considered the benchmark level of reliability. This indicates that the statements of the three dimensions are reliable and consistent. As for the questionnaire items as a whole, the reliability coefficient is also relatively high, reaching 0.76, which confirms the reliability of the study instrument.

6. Presentation of Data Analysis Results and Hypothesis Testing

6.1 Results Related to the First Dimension

The results of this dimension are summarized based on the responses of the study sample members as follows:

Table No. (5): Concept of Peer Review.

Standard Deviation	Mean	Statement
0.703	3.81	1. The peer review program or approach is considered one of the most important and effective methods of audit quality control.
0.739	4.29	2. The peer review approach is based on the necessity of having the work of an audit firm reviewed by another audit firm.
0.514	4.26	3. The peer review approach aims to verify the extent to which an audit firm complies with the quality control system.
0.755	3.65	4. The peer review program is widely used, particularly among American and international audit firms.
0.910	4.19	5. From the perspective of the AICPA, audit quality is limited to strict compliance with auditing standards and the application of quality control considerations.
0.517	**4.03**	Axis Statements

Source: Prepared based on the results of the SPSS statistical software.

Based on the results presented in the table above, it is evident that the statements related to the concept of peer review received strong support from the respondents. The overall mean score reached 4.03, which is higher than the theoretical mean of the study instrument (3). Furthermore, the standard deviation values indicate consistency in the respondents' answers regarding the axis statements, with an overall standard deviation of 0.517. Statement (2) obtained the highest mean score (4.29), indicating respondents' agreement with the aforementioned concept.

To test the first hypothesis, which states that "the peer review program is the most important method for achieving quality control", represented by the first five statements, a one-sample t-test was conducted at a significance level of 0.05. The tabulated t-value at this significance level and degree of freedom (n−1 = 30) is 2.042. The results of the test for the first hypothesis are presented in the following table:

Table No. (6): Results of Testing the First Hypothesis

Significance Level	Tabulated t-value	Calculated t-value	Mean
0.000	2.042	11.176	4.03

Source: Prepared based on the results of SPSS V26 statistical software.

As shown in Table (6), the calculated t-value is greater than the tabulated t-value. Therefore, the first hypothesis is accepted.

6.2 Results Related to the Second Axis

These results can be summarized in the following table:

Table No. (7): The Relationship Between the Peer Review Program and Achieving Quality in External Auditing

Standard Deviation	Mean	Statement
0.543	3.81	6. The peer review approach serves as an incentive for firm members to comply with professional pronouncements and standards.
0.864	3.29	7. The peer review approach increases confidence in the members of the audit firm.
0.643	3.71	8. The peer review approach enhances the reputation of the audit firm and its standing among peers.
0.442	3.94	9. The peer review approach contributes to increasing the audit firm's ability to detect material errors.
0.574	4.06	10- The use of the peer review approach helps determine the extent to which the audit firm complies with auditing standards.
0.654	4.19	11- The findings and recommendations included in the peer review report contribute to improving quality control over performance.
0.382	**3.83**	Axis Statements

Source: Prepared based on the results of the SPSS V26 statistical software.

Table (7) shows that the respondents agreed on this axis, as the overall mean score of the statements reached 3.83, which is higher than the theoretical mean of 3. The overall standard deviation of the

statements was 0.382, indicating consistency in respondents' answers and low variability among them.
It is also observed that Statement No. (11) obtained the highest mean score (4.19), followed by Statement No. (10) with a mean score of 4.06. This confirms the importance of peer review from the respondents' perspective as a mechanism for achieving quality control and consequently enhancing audit quality through strict compliance with auditing standards.
To further confirm this result and test the validity of the second hypothesis, a One-Sample T-Test was conducted at a significance level of $\alpha = 0.05$. The test results were as follows:
Table (8): Results of the Second Hypothesis Test

Significance Level	Tabulated T	Calculated T	Mean
0.000	2.042	12.131	3.83

Source: Prepared based on the results of the SPSS statistical software.

As shown in Table (8), the calculated T-value is greater than the tabulated T-value and is statistically significant at the 5% significance level. Therefore, the second hypothesis is accepted, which states that:
"The use of a peer review program contributes to improving the quality of external auditing."

3-6 Results Related to the Third Axis

The following table summarizes these results:
Table (9): The Extent of Compatibility Between Peer Review and the Functions of the Quality Control Committee in Algeria

Standard Deviation	Mean	Statement
0.992	3.58	12- Audit firms in Algeria, in their current form, are not adequately prepared to implement the peer review approach.
0.798	3.65	13- Peer review falls within what is known as professional self-regulation, which is not consistent with the organization of the profession in Algeria.
0.762	3.77	14- Audit firms in Algeria are not ready to adopt the peer review approach due to its high cost.
0.624	4.45	15- The Quality Control Committee, established under Article (5) of Law No. 10-01, is considered the sole body responsible for ensuring audit quality control in Algeria.
0.631	3.74	16- Peer review is consistent with the functions of the Quality Control Committee as stipulated in Decree No. 11-24.
0.577	4.00	17- The use of peer review is based on mutual favoritism among audit firms due to the possibility of selecting the peer reviewer.
0.431	**3.86**	Axis Statements

Source: Prepared based on the results of the SPSS V2 statistical software.

According to Table (9), there is a consensus regarding the statements of this dimension, as the mean score reached (3.86). Statement (15) obtained the highest mean score (4.45), indicating that all respondents recognize that the Quality Control Committee, established under Law No. 10-01, is the sole body authorized to ensure audit quality control in Algeria. This is followed by Statement (17), with a mean score of (4.00), where the majority of respondents agree that the peer review approach may involve a degree of collegiality among audit firms, which could pose a threat to their independence. The standard deviation for this dimension was (0.431), indicating the absence of significant variation or disparity in the responses of the study participants.

To test the third hypothesis, the T-test was employed at a significance level of ($\alpha = 0.05$). The results were as follows:

Table (10): Results of Testing the Third Hypothesis

Significance Level	Tabulated T-value	Calculated T-value	Mean Score
0.000	2.042	11.176	3.86

Source: Prepared based on the results of the SPSS V26 statistical software.

As shown in Table (10), the calculated T-value is greater than the tabulated T-value and is statistically significant at the 5% significance level. Therefore, the third hypothesis is accepted, which states that: “The peer review program is adapted to the requirements of the Algerian environment.”

Conclusion

This study aimed to identify the role of the peer review program in improving external audit quality and to examine the extent of its compatibility with the functions of the Quality Control Committee in the Algerian environment. Based on the theoretical and empirical findings, several conclusions were reached, which can be summarized as follows:

External audit quality is an essential requirement for ensuring the continuity and sustainability of audit firms.

Compliance with auditing standards represents the minimum requirement for achieving external audit quality.

Professional regulatory bodies are aware of the importance of monitoring external audit quality, as evidenced by the establishment of the Quality Control Committee.

Assigning responsibility for monitoring the quality of audit firms’ performance to the Quality Control Committee helps ensure the independence and objectivity of these firms.

The peer review program is consistent with the functions of the Quality Control Committee in several aspects, particularly regarding its objectives.

Peer review is implemented in Algeria in a manner that is adapted to the characteristics of the Algerian environment.

Based on these findings, several recommendations can be proposed to enhance external audit quality and advance the auditing profession in Algeria:

Professional regulatory bodies should effectively enforce Law No. 10-01 in general, and activate the role of the Quality Control Committee in particular.

The Quality Control Committee should continuously keep pace with global developments and changes in the field of quality control.

Greater academic and professional efforts should be devoted to benefiting from international experiences in monitoring and controlling the quality of audit firms.

Awareness should be raised among audit firms in Algeria regarding the importance of adopting quality control systems and their role in improving and enhancing the performance of audit practitioners.

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