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Audit Practices and Profitability of Selected Auditing Companies in Metro Manila

Dr. Jonathan P. Binaluyo

Department of Accountancy, Polytechnic University of the Philippines, Anonas Street, Sta. Mesa Manila, 1016, Philippines
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ABSTRACT

Businesses in present days are becoming complex hence the need for attestation and evaluation of information dramatically increase. Auditing as its primary objective is help the information provided by business owners in their financial statements be more realizable and ready for use in economic decisions addresses the problems of understanding the economic transactions of an entity. Since Audit Companies are providing services to their client good audit practices must be adopted to ensure that the companies will sustain their financial needs to support the demands of their clients and providing reliable reports to the public. Being in the service industry auditing companies have unique practices not common to those businesses that manufacture goods.

This study determined the effectiveness of audit practices suggested by experts and adopted by different auditing companies to continuously improve their financial performance thereby sustaining the wealth of the company and supporting their requirements in the long run. From the financial performance of the auditing companies, this study found that there is a positive correlation existed between audit practices from leadership responsibilities, ethical requirements, engagement performance, human resources and monitoring. The study also noted some areas where the audit companies can further improve their performance since most of the practices where not maximized, adopted, or implemented fully.

Keywords: Audit practices; Profitability; Auditing companies; Audit quality

INTRODUCTION

The effects of business in our lives are extensive; thus, it is one of society's most pervasive elements. Socio-economic, legal, and ethical standards govern business opportunities and decisions. However, ethics in business remain vague and unreliable because of some conflicting views; and gives rationale to regard unacceptable business practices used as strategies for a successful business operation. Building sustainable communities while alleviating or eradicating poverty is an uphill climb from which re-evaluating the role of business in society is called out, particularly in designing and implementing sustainability practices. Given the increasing inequalities in the way of living among and those countries, poverty reduction is becoming an increasingly important task for sustainable business development (Habib and Zurawicki, 2011; James and Schmitz, 2012).

Goodson (2012) writes that auditing is a cornerstone of good public sector governance. The public achieves accountability, integrity, improves business operations, lends credibility to others' work, and instills confidence among citizens through the help of auditors. They provide an objective, not biased verification of whether company resources are managed effectively and efficiently while achieving business objectives. In present business conditions, affectivity and efficiency in work have been an issue for an employee to achieve entity goals, especially in financial aspects. In addressing such a problem, individuals with enough learning, knowledge, and capabilities are somehow tasked to enhance the employee ethics in work embodied in external auditing.

With the fall of Enron and other related scandals, the adoption of stricter rules such as the Sarbanes-Oxley Act dramatically intensified to improve corporate governance. As a function of corporate governance mechanisms, external auditing or auditors received the spotlight. An external audit shall provide an independent audit of the corporation and reasonable assurance that a company's financial statement is free from any biased information and in compliance with Philippine Financial Reporting Standards (Corporate Governance Code of the Philippines, Art. 5 Sec. B). Their role has been indispensable for their assurance to enhance stakeholders' confidence in financial statements' credibility. They are accountable to their stakeholders, including shareholders, board of directors, and those charged with management and governance of the corporations, creditors, banks, and regulators for their audit process. According to the Philippine Standards on Auditing, an auditor must adhere to ethical standards, especially in the audit of financial statements. Once the auditor's independence is weakened due to fees imposed on clients, the external audit will only serve its objective.

An external audit provides reasonable assurance regarding the credibility of firms' financial information. Especially for listed companies, investors' confidence is higher for audited entities than the unaudited ones. An external audit provides a safeguard that resources can be invested in competent enterprises. With the growth of the country's service businesses, the company's operation is becoming complex. It needs more supervision to ensure the work is done reasonably, especially in the service industry. Companies must ensure that organizational-wide ethical standards are followed in the performance of the work. Managing people in a comprehensive organization is one of the most critical components that either make or break an organization. Likewise, the management's role in ensuring that employees are doing their respective jobs with ethical requirements to satisfy the customers is a must in a rapidly changing environment and consumers' needs. The contribution of service industries to our economy was undeniable. Most service business companies give an employee a salary more than the minimum required by the law to make them stay in the country instead of working abroad. An equitable salary pay scale also implies that an ethical workplace, employees, and management will boost and enhance an individual's capability to do more.

The researcher is currently an industry practitioner in the field of external auditing, which sought to determine the relationship of the current audit practices of selected auditing companies in Metro Manila in its profitability in terms of revenue and cost. The researcher also highlighted that external auditing could improve the workplace, build a better relationship between employees, management, and their customers, and attain unbiased information. External auditing will be utilized for economic decision-making purposes and further evaluate its financial status concerning its continuity and profitability. Business ethics is embodied in achieving an organization's goals for a better workplace, economic status, comprehensive industry player, and financially capable business.

Aims and Objectives of the study

The goal of this research is to determine the effectiveness of audit practices to auditing companies' and its relationship to audit companies' profitability in Metro Manila. Its main goal is to respond to the following questions:

1. What is the demographic profile of the respondents in terms of:

1.1 Firm's Profile

1.1.1 Number of years in operation

1.1.2 Number of auditors

1.1.3 Number of employees

1.1.4 Number of audit clients

1.2 Individual Profile

1.2.1 Age

1.2.2 Highest Educational Attainment

1.2.3 Number of years in the audit practice

1.2.4 Job position level

1.2.5 The average annual number of related training/seminars for the last three years

2. How do the respondents assess the level of effectiveness of the audit practices of auditing companies regarding:

2.1 Leadership Responsibilities

2.2 Ethical Requirements

2.3 Engagement Performance

2.4 Human Resource

2.5 Monitoring

3. How do the respondents assess the profitability of selected auditing companies relating to:

3.1 Revenue Growth

3.2 Cost Minimization

4. Is there a significant relationship between the respondents' assessment of auditing companies' audit practices and profitability

The goal of this research is to determine the effectiveness of audit practices to auditing companies' and its relationship to audit companies' profitability in Metro Manila. To do this, it used descriptive research. With the use of this type of research, this study was able to incorporate the current environment to demonstrate the relationship between the two major variables of this study. The study gathered information from those authorized, knowledgeable and well experienced auditors whose employed in the following auditing companies: SGV and Co., Isla, Lipana and Company, R. G. Manabat and Co., and Navarro Amper and Company. The respondents of the study were the audit staff, audit supervisor, audit manager and partner in charge of the respective auditing firms who's in the field of auditing for at least three years. There were representatives from each auditing companies. Each representative must, at least, have the access and understanding of the audit practices and the company's performance based on the financial results of the auditing companies.

REVIEW OF RELATED LITERATURES

To determine how the company follows and maintains the managerial procedures, auditors should observe the requirements and policies of auditing. Unlike the organization's employee, the external auditor does not aim to determine factors that would affect the information presented in the company's financial reports. A practitioner examines an opinion that concludes their assessments validated with evidence and performs due care as ethical standards prescribe. The view on a company's financial accounts is referred to as an attest function of external auditing once it has been accomplished. To verify that the information in the statements is accurate and dependable, an auditor performs an independent audit. Following that, the audited entity's authorities are notified in writing, together with the grounds for the financial statement opinion. The auditor must have a thorough grasp of the organization to uncover any weaknesses, including its operations, accounting methods, and results. As a result, recommendations on improving internal controls in place are reported to the responsible party.

Regulatory Framework for External Audit Function

Revision of the Accountancy Law in 2004 or the "Philippine Accountancy Act of 2004" regulates the auditing profession. According to the law, only certified public accountants can practice public accountancy, among other scopes of practice. It includes a rendering of audit or verification of financial transactions to clients on a fee basis. The Professional Regulation Commission (PRC) is the administrative body responsible for the supervision and governance of the accounting profession, together with the various disciplines practiced in the Philippines. Meanwhile, the National Accredited Professional Organization of CPAs in the Philippines (PICPA) is an authorized professional organization established for the CPAs' interest, welfare, and advancement.

Favre-Marchesi studied the audit quality of the member countries of the Association of Southeast Asian Nations (ASEAN). He identified the laws, regulations, professional standards, or codes that guide auditors' role and how the audit markets function in the said states. Accountants gathered inputs from the Philippines from SGV & Co. (the participating big firm), PRC, and PICPA. In a Philippine-based study, results show that management is the party that nominates and appoints, while the board of directors or shareholders, or both, approve the appointment, depending on the company by-laws. Auditor resignation is possible without required serious motives and approval from a third party. Whereas, auditor dismissal is also possible only by the appointing body but with rights to defend the position through a letter filed to Securities and Exchange Commission (SEC) stating the nature of disagreements. He illustrates Philippine-auditor's independence and objectivity by restricting personal, commercial, financial, and influential positions between statutory auditors and the audited entity. However, disclosed also are some grounds for doubts such as (1) other services that auditors can perform, such as bookkeeping, tax, legal services, consulting, investing/financial advice, and corporate recovery, are permitted as long as the auditor is not a member of the organization under audit's management or an employee; (2) no provision/rule to calculate audit fees; (3) no provision/rule to avoid low bailing; and (4) no provision on the overdependence on a single client concerning audit fees.

Global Accountancy (2004), in their industry analysis of accountancy profile, reveals that the auditing or accounting services sector is the top division in the market with 66.4% ($96 billion) of the total global accountancy revenue. The auditing services are identified into routine audit work and other services such as taxation and management consultancy. An audit is usually a regulatory requirement, and minimum compliance is outlined in the laws that govern a particular country. Thus, demand for audit services depends on the size of the auditee, while the supply curve will be the function of audit effort. Currently, the Philippines has a demand for audit services. Mandated by revised Securities Regulation Code (SRC) Rule 68, all companies with either: (1) P50,000 or more paid-in capital or non-stock corporation with total assets of P500,000 or more; (2) branch offices of a foreign stock corporation with assigned capital of P1,000,000 or more; (3) non-stock foreign corporation branch offices with total assets of P1,000,000 or more; (4) ROHQ of foreign operations with total revenues of P1,000,000 or more, are required to submit audited financial statements. Meanwhile, 437 accredited external auditors in the Philippines cater to the massive demand as of August 31, 2015 (SEC, 2015). There is no strict rule in selecting who will issue the audit report amongst the accredited provider; however, the independent auditor shall abide by the SEC's general and specific requirements for accreditation.

When trying to understand accounting in its social context, many would agree that it provides substantial benefits. Nevertheless, in terms of objective study of current audit practice, auditing research has mainly remained resistant to the effects of this type of theorizing. After the Enron scandal, most analysis has concentrated on the case's dynamic elements, the technical nuances of accounting rules and practices, and corporate America's excesses and violations. It also entails analyzing if similar incidents could arise in the United Kingdom or elsewhere and recommending and implementing a series of measures to strengthen corporate governance and address concerns of auditor liability. Little coverage has been given from the Enron case's effect on corporate external auditors' day-to-day professional and working environment and the Enron case's impact on them and their methods/practices.

The investigation of professional change in auditing methods and accountancy as an institution presents fascinating opportunities at this point. While some authors have stated that late modernity poses invigorating challenges to professionals, others have established a tradition of critical assessments of audit technique advances. Articles on developing business-risk techniques have looked to be assertive documents promoting reform or have concentrated on the content of audit manuals produced by huge multinational accounting firms. No studies have looked at how the formal and informal processes and conventions that make up an audit firm's organizational culture influence how new audit technologies are administered and applied.

Ethical Requirements in Audit Function

Following several international accounting issues and the recent financial crisis, regulators worldwide began to enhance auditing quality. As a result, the event sparked accusations that the auditors were not competent enough to foresee and prevent such issues. Yasin & Nelson, 2012 stated that the main requirement of a public accountant is professionalism. Public accountants have an enormous contribution to the economy apart from the professions working on public trust. The economic machine of a country must direct public funding into productive operations that are well-functioning. It's critical to provide reliable financial data so that investors can make informed decisions about where to put their money. As a result, the required public accountant serves as an assessor of management's information. It clearly shows that public accountants play an enormous part in the economy, especially within the firm. Professionalism is a vital requirement in this profession, and they must adhere to the ethics and rules that apply.

Ethics auditing is a chance and an agreement to create a system that informs on ethical corporate behavior. This approach aims to improve the firm's reputation and transparency in terms of its ethical commitment. Simultaneously, the system development process aids us in incorporating the moral dimension into the firm's decisions and actions, thereby completing the core aspect of production, the maintenance, and the development of trust capital. Audit firm rotation proponents say that requiring auditors to rotate will prevent them from becoming too close to managers, limiting their autonomy. An auditor's client could be a significant revenue source, and the auditor could be unwilling to endanger that money stream. The prevention of large-scale corporate failures can also be aided through firm rotation. It will also help to restore trust in the regulatory system, as it did in Italy. Consider the situation where a client is seeking a new auditor. Auditors can contest the tender with other audit companies and differentiate themselves in service, increasing audit efficiency.

When the auditor resigns, requiring company rotation will result in a loss of client competence. When working with new organizations, auditors face a steep learning curve, and the majority of the knowledge gathered during an audit is client-specific. When the new auditor clarifies the client's operations in the early phases of the auditor-client relationship, audit errors are more common (Arel et al., 2015). As a result of the extra task required by the new audit company, audit fees will climb. If the client's needs differ from the auditor's abilities, there will be opportunity costs. When a corporation and its auditor dispute on accounting processes and the auditor rotates, the client is obliged to rotate as well; as a result, the market fails to cover crucial indicators that would have been missed if the auditor had rotated on his own. The most significant accounting companies may boost their market share due to mandatory rotation, resulting in a less competitive environment. As previously reported, auditor tenure arguments center on the potential impact on audit quality of extended occupancy on auditor independence. Making this statement at the level of an audit firm, individual, or people in charge of preparing and conducting the audit may happen. Usually, the point is that the auditor's long-term association with the client undermines their independence. As a result, it is stated that the audit firm's obligatory rotation of key individuals promotes better independence and higher auditing quality. This effect could be felt in terms of complete freedom or just the impression of independence. Mandatory auditor rotation does, however, come with a price tag. The costs are likely to be higher when excluding an accounting company in the audit rather than an established partner. Aside from the direct financial costs of a new audit firm (i.e., a whole new audit team), there are also the potential costs of diminished familiarity, meaning a less skilled and poorer quality audit. The prices of a transition at the partner level are significantly lower, as the audit team will remain essentially unchanged when performing overall guidance and accountability with "fresh eyes." As a result, it's not unexpected that regulatory reform (including new professional standards) has placed a greater emphasis on mandatory partner turnover than on mandatory audit firm rotation. Nonetheless, any tangible link between audit engagement partner rotation and accounting quality attributes assumes that a "new" partner's perspective will differ and materially impact the financial statements. At least two things work against this assumption: the engagement partner's lack of an actual requirement to impose additional "restrictions" (in general) and the likelihood that audit partners within the same audit firm will share similar viewpoints. In the end, whether or not such characteristics are likely to negate any projected impacts of partner rotation is an empirical question. Rather than identifying costs and benefits separately, only observing the net effect of partner rotation can be done.

The financial crisis and more recent national supervisory inspection results revealed severe European audit market vulnerabilities, according to Michel Barnier, the EU's Internal Market and Services Commissioner. In November 2011, they made bold proposals to clarify statutory auditors' position, reinforce their independence, and increase oversight to fix these weaknesses. The mandatory rotation requirement was perhaps the most debatable product of these negotiations. As a result of this rule, audit engagements are required to take regular breaks. Its goal is to prevent having an extremely extended relationship between the auditor and the customer, which could compromise the audit's quality. The term "mandatory rotations" can be used to describe the firm. The entire audit company, or the audit partner, in which case only the leading partner who signs the opinion, must regularly rotate for a specified number of years.

Such a rule, however, has a cost. Changes in auditors result in operational delays, start-up costs, the loss of client-specific expertise, and the client's ability to bargain audit fees, among other things. It has the potential to affect the quality of the service provided. As a result, the rule has not been uniformly enforced over the world. The two most essential regulators globally, the PCAOB in the United States and the European Commission (EC) in Europe, have chosen wildly divergent paths. While the European Union opted in 2016 to expand the mandatory partner rotation regulation to audit firms after enacting the requirement at the partner level in 2008, the United States implemented compulsory partner rotation in 1978. Despite this, the EU decided not to implement the rule at the firm audit level, at least for the time being, after protracted debates that included academics and public hearings.

For decades, regulators, accountants, academics, and the general public have debated the need for mandated audit firm rotation. However, following recent major financial scandals, the problem has become a topic of discussion across various national governments and institutions. The rule could have both a beneficial and harmful impact on audit quality, according to theory. Based on scholarly and regulatory literature, the following are some of the most important reasons for and against the law. Even though this essay concentrates on the audit company and partner rotation, most of the ideas may be applied to both. The probable absence of competition from most audit markets' oligopoly structure is one of the significant worries of regulators worldwide. Most clients are audited by the Big Four (Deloitte, EY, KPMG, and PwC). Introducing mandated periodic auditor changes could lessen this phenomenon and improve competition, particularly when combined with non-large audit firms' choice of one of the big auditors as a substitute.

Changing auditors incurs fees for both the auditor and the customer. Assume that the client-auditor relationship has come to an end. In that instance, the incumbent auditor forfeits the wealth equivalent of the client-specific quasi-rent stream, leaving the client with the costs of transferring and "training" a new auditor. The audit firm loses client-specific experience as a result of periodic audit changes. Before the procedure can begin, the new auditor must know the client's accounting systems and internal controls for a set amount of time (the "learning curve"). As a result, the auditor may miss fundamental errors and inaccuracies during this time, lowering the audit quality. The more complicated and industry-specific the client's business, the more profound and prolonged the learning curve. It's also essential to think about the stakeholders' viewpoints (Ewelt-Knauer et al., 2012). In reality, market players will rapidly analyze whether a new audit firm has been named and, as a result, whether "opinion shopping" is a problem. When a company changes one audit firm with another to achieve a more favorable opinion, assume the choice is between voluntary and forced participation. In this situation, information will be more expensive in a mandatory rotation context since stakeholders will not establish the base quickly.

Engagement Performance Towards Audit Quality

Auditors should never compromise the quality of work. To enhance audit efficiency, auditors must maintain an open mind about the audit approach and efficiently allocate time to prioritize to increase audit efficiency. The work papers will have all relevant information and linkages if all needed procedures, evidence, and conclusions are followed. Document the audit the first time to reduce the time it takes to have the files organized before the deadline (Whittington, 2016). Rather than waiting until the end of the audit to update documents and destroy old memoranda and files, do so as the audit advances. Determine whether the firm is subject to stricter state legislation or other paperwork obligations and whether its audits are reliable. Schedule staff and analysis time well ahead of the final file assembly date. Work papers should be kept safe and easily accessible. Consider the standard's stipulation that auditors have access to files that are five years old or older. Determine which present software programs will run in future contexts and make plans to buy new software or keep old software and hardware, as needed. Check to see if a permanent file is necessary. Rethink the content and make sure the work papers for the annual audit are filed.

According to ACCA, working papers indicate that an auditor carried out an accurate, reliable, and cost-effective audit. As a result, it must be prepared with attention and competence to be suitably detailed and complete. Even if the auditor has no direct experience with the audit, they should grasp the working papers in terms of the work done, the conclusions reached, and the reasoning behind them. It could help newly appointed auditors in the future. In some situations, the previous auditor will not be available, or the company will employ someone else. The audit documentation will help new auditors comprehend the last year's work (Angie Ross, 2018). A practical audit function is critical for a company's ability to achieve various business goals. Business operations require various internal control forms to facilitate supervision and monitoring, avoid and identify suspicious activities, measure long-term results, keep proper business records, and increase organizational efficiency. Internal controls come in several shapes and sizes in business operations (Clements, 2019). Auditors assess the likelihood of a significant misstatement in the financial accounts of a corporation. As a result, without an internal control system or an audit system, a corporation will not produce reliable financial reports for internal or external objectives. As a result, it would have no idea how to spend its money or which divisions or product lines were lucrative. The cost of capital is essential regardless of the size of the company. The price of money is determined by the risk connected with an investment, and if the risk is more significant, an investor may require a higher rate of return to invest. Information risk (the risk of substantial inaccuracy in financial reporting), fraud, asset misappropriation risk, and the risk of lousy management owing to a lack of information about a firm's activities are all hazards that robust audit systems can assist a company in avoiding.

Information technology has evolved into one of the essential tools used by a wide range of organizations, both for business and non-profit, in their various activities, whether in planning, oversight, documentation, administrative, accounting, or other areas. Simultaneously, auditing has evolved to keep up with changes in these businesses' information technologies; hence, the supposed electronic systems audit, or computer audit, has emerged; outmoded auditing methodologies are no longer adequate in light of electronic data processing. Accounting systems now produce data in larger formats, at a faster rate, and with higher accuracy and efficiency than before. This discipline has seen constant advancements, and it is gaining in popularity, as are the professional standards that will lead auditors in this area. The difficulties that auditors faced in large enterprises using traditional methods made auditing challenging, strenuous, and expensive; however, the requirements evolved with the development of audit computers, systems, and programs, allowing auditors to execute complete and precise control over the accounts, making their job easier. The computer equipment and networks necessary for auditing are provided by information technology and training auditors on how to use computers as an auditing tool, how to use automated systems, and how to comprehend computerized systems, their purpose, and the environment in which techniques operate.

Electronic advancements are being used by businesses of all sizes to increase the efficiency and productivity of their operations. However, there is evidence that the "paperless" workplace ideal is not always fully realized and that staff frequently try to bypass electronic systems by reverting to paper processing. According to research from different contexts, users avoid newly adopted work systems by reverting to the previous approach for specific activities, repeating tasks in both old and new ways, and failing to use the new system correctly. Furthermore, even if people are strongly motivated to utilize an electronic system correctly, their performance may be hindered due to the task's complexity and the resulting disorientation within the system. Their task expertise isn't well-developed enough to leverage system features more effectively.

There are a variety of possible consequences to reverting to paper for performing complicated steps in electronic file creation or analysis in the case of a fully integrated workplace framework, such as those established by some large audit firms. The audit work paper is a legal document that includes supporting documentation for the audit opinion. The finished wallpaper incorporates evidence gathered over time by a hierarchy of individual professionals conducting audits of massive corporations. Each business has a unique set of procedures that must be executed in a particular order, aggregated, and adequately examined. Working outside of the system, or bypassing it, can impact performance, effectiveness, or both. Duplicated duties can lead to inefficiency, whereas misplaced work papers or a poorly structured file can lead to ineffectiveness.

The system's linkage and cross-referencing capabilities would also be circumvented if the engagement file preparers printed out work papers or lead sheets throughout the engagement. As a result, future file reviewers will be unable to undertake a thorough study. When review notes are created on paper at any level of the team structure, subsequent reviewers will not access them remotely. As a result, trying to get around the system by refusing to use electronic functionalities and reverting to paper creation could have significant ramifications. In the United States, the credibility of the working paper is critical as a foundation for later examination by the Public Sector Accounting Oversight Board, in addition to the implications of the engagement itself.

According to Zgarni et al. (2016)'s findings, the audit committee harms earnings management, and the audit committee's expert impairs profit management. The audit committee status variable, on the other hand, has no bearing on the connection between the accounting specialists on the audit committee and the profit management (Suprianto et al., 2017).

Before accepting a new client's engagement, determining whether to prolong a current relationship or considering recruiting a new client, the firm should gather the information it believes is necessary. When difficulties are discovered, the firm should maintain track of how the issues were remedied before approving or enduring a client affiliation or a separate engagement. The truth is that most businesses have a diverse set of client relationships. Although a corporation can provide the same professional services to several clients, such as an audit or tax return preparation, the connection between clients varies. This is because individuals control a firm, and people differ from one another. Understanding how clients connect with the firm and the foundation of the client relationship is crucial. One method that has shown to be effective is user categorization. This identifies which customers have a positive relationship with the company and which customers do not. It also determines how money should be dispersed and whether any areas require special attention.

Human Resources Requirements

Auditing firms understand the persuasive power of a competitive salary when wooing top talent. But it doesn't stop there. Benefits, advantages, and incentives will help seal the deal. When weighing job opportunities, highly qualified accountants and auditors want a well-rounded package, and in a competitive hiring market, they know they'll be likely to get it.

Staff training is essential for a variety of reasons related to your business. New personnel would need to be trained in first aid, food handling, or a new booking system, among other things. Workplace satisfaction can also be improved by incorporating training that assists employees in achieving long-term professional goals. A delighted employee is more likely to stay on the team and contribute more. Take into account the cost of turnover. Your company's productivity suffers as a result of one less employee. Sales are dwindling. Your existing workers are being required to work longer hours. Morale could be harmed. You spend time screening and interviewing candidates to find a replacement. After they are hired someone, they need to be trained. Staff turnover costs a lot of money. Replacing a frontline employee varies, but it may cost as much as $2,500 depending on the job. (Paul McDonald, 2019). That's a high price to pay for failing to train workers.

Other benefits of training, according to an article published by GO2HR, are:

1. Given the initial budgetary outlay, employee training brings back as an investment to the company. Here are some of the reasons why you should participate in development projects.
2. Training will improve the efficiency of your company.
3. Trained employees are better at handling client inquiries, closing sales, and using computer systems.
4. Training can be used to attract new employees. Today's young workers want more than just a wage.

They are built to help people find work where they can learn new skills. If you can have prospects for promotion, you would be more likely to attract and retain successful workers. Training promotes job satisfaction. Employees would contribute more to the business if they were given chances to build more rounded skill sets. The more you reward them, the more invested they become in your success. Training is an instrument for retaining good employees by instilling loyalty and commitment. Suppose you have opportunities for employees to learn and develop while at your company. They will be more likely to continue. Allowing them to become stuck once they've mastered the first few tasks will motivate them to progress. Training adds flexibility and efficiency. Employees may be cross-trained to work in many areas of the company. Teach them sales, customer support, management, and operations skills. This will keep the employees motivated and interested in their work. Employees respect the challenges faced by their coworkers. Therefore cross-training encourages team bonding.

Knowledge transfer requires training. Employees must share their knowledge. If only one person has remarkable skills, it will be tough to recuperate their learning if they leave the company. Training gives on-the-job trainees and probationary workers a reason to stay and return to the firm. Make it clear to seasonal workers that they can participate in some ways. Allowing someone to learn new skills and gain experience rather than hiring someone new is a better option. It makes business sense to invest in staff training and development. It starts on the first day and continues as the team expands. Granted, seeing a return on your investment takes time, but the long-term benefits of employee training are critical. The low long-term cost of a training program ensures that the company succeeds by keeping competent and productive employees. That is a bankable investment. Although training is an ideal method to expand the comprehension of all personnel, many companies realize that it is prohibitively expensive (Frost, Shelley 2019). Employees often lose time at work while attending training sessions, which can cause a delay in projects' completion. Despite the downsides, training and development are beneficial to both the company and staff, making investments in time and money useful. Personnel encounter problems with their talents at work. A training program assists each employee in enhancing the skill they need to learn. A training program ensures that all personnel have the same knowledge and experience, increasing their overall quality. Consequently, any weak points in the organization that depends on others to finish fundamental labor tasks are removed. Workers might replace others as necessary, work as a team, or do it alone without regular monitoring if the proper training was given.

Employees who undergo the requisite preparation becomes better at performing their job. Since workers have a more vital understanding of the industry and their job responsibilities, the training can also boost their trust. This self-assurance will motivate staff to work harder and develop new ideas to help the company succeed. The constant movement also keeps employees to be at the forefront of industry developments. Competent employees in changing industry standards contribute to the company's position as a leading and robust competitor. The consistency makes things work out, particularly in the company's basic policies and procedures, like instilling consistent experience and background knowledge to the employees by having a structured training and development program. Furthermore, all employees must be informed of the company's standards and procedures regarding safety, discrimination, and administrative chores. All personnel are exposed to the material through a training regimen in these areas. Gaining access to such training opportunities that they have not experienced before will make them feel appreciated, challenged, and more satisfied with their jobs.

The rising interest in people and management techniques, particularly training, has resulted from the universal acknowledgment of human resources and organizational knowledge as two critical sources of sustained competitive advantages. However, the significant function of staff training in the organization is not supported by enough investment, owing to a lack of understanding of this activity's contribution to goal achievement (Sanchez, Aragon, & Sanz-Valle, 2013).

Under examination of relevant factors, specific pieces of training have no effect on tangible results for at least a year. Instead, they influence effectiveness in a different outcome depending on the training activity. Further, an organization's sustenance and profitability lie in its adequate human resources that compete globally to produce goods and services that attract consumers to reach that height (Gyimah, 2018). Series of research has been done on how training and development, a stem of HRD, can be used as a tool and part of the strategic management to sustain an organization and avoid future difficulties. These problems include losing out to competitors and failing businesses due to lacking quality human resources or fundamental organizational development tools. Through training and development, professionals in human resource development could play a vital role since the type of staff for each section of the company rests on them. HRD personnels' access to the organization's productivity and innovative reports helps guide them on planning essential techniques and methodologies to equip their workforce to manage the current trends of dynamic organizational challenges in the 21st century. Knowledge and expertise advantages in the global market are essential for an organization to sustain itself. That is why HRD professionals, through the training and development of employees, need to work on ideal current training programs to keep the human resource updated with the current organizational practices that will enhance growth and sustainability.

Monitoring of Audit Quality and Effect on Audit Fees

According to Ali and Hamid (2012), the quality of audit reports significantly impacts audit fees in Iran. In Denmark, where listed businesses must utilize two independent auditors, the primary audit fee factors are company size, substance complexity, technical complexity, risks, the provision of two auditors, the influence of additional fees, and the big four firms. In Brazil, da Silva &Hallak (2012) assert that company size and auditor's quality (by hiring large auditing firms) are positively associated with determining the audit fees. Coversely, it is concluded that there is no primary association between auditing and consulting expense and leverage and firm's value.

The direct audit fee factors for listed non-financial corporations in the United Arab Emirates, according to Hassan & Naser (2013), are corporate size, company difficulty, and audit report lag characteristics. Furthermore, the study shows that industry categories and audit committee independence are inversely related. They further claim that the company's profitability and the risk and status of audit firms do not affect audit fees. In Sweden, audit fees are determined by three main factors: (1) accounting complexities, as a function of the proportion of financial assets, impairment of intangible assets, accruals, provision, free cash flow, and inherent risks; (2) business complexities, as a factor of media exposure, mergers and acquisition, officer remuneration programs, firm size, number of employees abroad, ownership structure; and (3) assurance, as a factor of audit fee premium, non-audit fees, number of audit firms and signing auditors. (Ask & Holm, 2013).

In some previous studies, miscellaneous or unshared factors that influence external auditing fees are also considered. It is seen that the effect of Arthur Andersen's fall has something to do with audit fees. In Srinidhi, Hossain, and Lim's (2012) research, former external auditors by former Andersen clients received audit fee premium even though they did not display inferior earnings quality. They discovered that countries with a weaker legal institution are charged a higher audit premium after an extensive study of 19,046 samples and a firm-year observation from 12 countries and regions: Australia, Denmark, France, Hong Kong, Malaysia, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, and the United Kingdom.

Previous research has identified two categories of company complexity, according to Hassan & Naser (2013): the complexity of operations and the complexity of the assets reported on the balance sheet. Companies with foreign operations and several subsidiaries can be classified as complicated operations (Amba & Al-Hajeri, nd). Meanwhile, inventory and receivables, pension, deferred taxes, leases, and investments are part of hard assets in the balance sheet. In terms of auditing, complex company operations are described to be more complicated and more time-consuming. These also require more extraordinary expertise and knowledge, wherein both are expected to increase audit costs.

Hassan & Naser (2013) also claim that corporate risk is one of the main determinants of audit fees. They mention that auditors will impose higher audit fees to extend necessary audit efforts to clients with poor financial conditions, and this is to avoid future charges against audit firms. Further, client profitability is also considered a measure of risk since it can expose the auditors to loss when the client is not financially stable. Another risk that they claim to be an essential consideration relevant to audit fees is the failure of the auditee's business. Being unable to detect the material error in their accounts, possible legal action, and possible loss of income from the auditors/audit firm's future audit services may occur.

Al-Khaddash (2013) presented several key drivers of audit quality, specifically: (1) the reputation of the auditing office, (2) proficiency of the auditor, (3) size of audit firm, and lastly (4) audit fees. Concerning the audit fees, his findings state that higher compensation would negatively impact audit quality because the threat to an auditor's independence increases. On the other hand, several researchers, including Hallak& Da Silva (2012), have concluded that companies are willing to settle higher costs for better audit quality. Furthermore, a study by Walid (2012) attests that among the audit firm characteristics, external auditors and groups of client representatives believe that reputation and is one of the Big Four auditing firms affects the audit fee the most. He also reveals that the audit firm's size based on its number of employees is the minor factor determining audit fees.

Auditors serve a critical role in preserving market confidence by ensuring that its financial statements represent its health transparently and independently. Because the job of external auditors is so essential, corporate governance is implemented to guarantee proper controls are in place. Corporate governance is described by Lin & Liu (2012) as a continuous control of the internal and external audit activities to oversee financial reporting processes. They add that from an auditing perspective, and corporate governance is responsible for effective risk and control in an organization. Based on Hallak and da Silva's (2012) study about publicly traded companies in Brazil, corporate governance quality has a significant positive relationship with audit fees. They remark that there is a higher expectation of transparent disclosures and higher quality of financial statements from companies with good governance. They also explain why the audit fee is a "by-product of a production function." External auditors' reliance on solid corporate governance can reduce risk resulting in decreased audit effort and lower prices.

Empirical Review

Auditing practitioners must adhere to ethical norms to provide unbiased services and reliable information that diverse consumers can utilize to make judgments. The job of an independent auditor is critical in monitoring management's actions, which lowers agency costs; similarly, agency theory holds that audit helps eliminate conflict of interest between contracting parties. They also state that managements prefer to select large audit firms with more significant potential for external monitoring gains. They have superior technology and talented staff, allowing them to produce higher-quality reports than small auditing businesses.

When the leadership of a public accounting firm places a premium on quality in the firm's day-to-day management and operations, a strong belief in quality will pervade all of the company's personnel. The company's quality control system will be implemented successfully and effectively if its leadership is committed to it. It will help the company survive and prosper in the long run (Pang, 2013.

On the other hand, the majority of research focuses on how corporate governance and the control systems of individual businesses affect financial performance (Hasan, Naser & Hijazi, 2016; Okafor &Ibadin, 2011; Sriram, 2018; Vij& Kaur, 2018). More research looked into specific control mechanisms and financial reporting quality (Baatwah, Salleh, & Stewart, 2019; Klai&Omri, 2011). Due to unsolved discrepancies between corporate governance leadership models and the informativeness of firms' earnings, the focus on their governance systems is increasing (Ewert &Wagenhofer, 2015). Furthermore, corporate governance is a developing topic that stimulates sustainable innovation, which helps it gain more attention (Muttakin, Khan, & Azim, 2015; Suyono& Al Farooque, 2018). Corporate governance is distinctive, explaining why it isn't a "one size fits all" phenomenon (Yusoff& Idris, 2012). That implies that it is an organic sector that can be influenced by dynamic company and administrative policies and technical advancements. At the same time, several scholars have identified evidence that the relationship between corporate management and reporting quality significantly impacts a company's reporting transparency and long-term viability. On the other hand, several academicians argue that the connection is immaterial (Yasser & Al Mamun, 2015). As a result, attention towards corporate management is expanding, resulting in a chain of corporate governance models.

Regulators, accountants, academics, and the general public have debated the need for obligatory audit firm rotation for decades. However, in the wake of recent major financial scandals, this issue has become a hot topic among many national governments and institutions. The rule might theoretically have both positive and negative implications for audit quality. The key positive and negative aspects of the rule application argument from academic and regulatory literature are outlined here. Even though this article focuses on the audit firm, most claims may apply to both the audit firm and partner rotation.

Work quality should never be compromised in the name of expediency. Maintain an open mind about audit methods and use priority to allocate time to improve audit efficiency properly. The working papers should include all relevant information and connections to ensure that all needed procedures were completed, evidence was gathered, and the auditors arrived at conclusions. Do the audit documentation first to save time to organize files before the deadline (Whittinton, 2016). Specific training exercises did not affect the tangible result, at least in the year under review. Instead, depending on the training activity, they influence effectiveness differently.

Further, an organization's sustenance and profitability lie in its able human resources, which can compete globally to produce goods and services that attract consumers to reach that height (Gyimah, 2018). Auditors shall have the training to cater to the needs of an analytical perspective in performing sound audit practices. This series of exercises will help them and the firm to gain more profits and minimize costs. Some theoretical concepts were represented by related variables that have been proven to affect external audit fees significantly. First, auditee's size can be described by the size of total assets and sales (Barber et al., 1987; Dao et al., 2012; Elliott et al., 2013); Second, the complexity of auditee as explained by the number of subsidiaries, the ratio of receivables and inventory to total assets, investments, and foreign operations. (Donohoe &Knechel, 2012; Firth, 1985; Giroux &McLelland, 2008); Third, the auditee's perceived risk is measured by loss profile and solvency ratio. (Beck & Mauldin, 2014; Chan et al., 2013); Fourth, auditing factors of the auditee such as non-audit services provided by the auditor and provision of service by the BIG 5. (Al-Khaddash, 2013; DeFond et al., 2002; Walid, 2012); Fifth, auditee's governance structure as demonstrated by the existence of CEO and Chairman as one and the presence of audit committee. (Carcelo et al., 2002; Desender et al., 2009); Lastly, the internal control is explained by the complexity of family-owned companies and industry (Srinidhi, Shaohua& Firth, 2014; Sarwoko&Agoes, 2014).

METHODOLOGY

The researcher uses descriptive method to acquire data and characterize current situations, events, or systems in the selected subject of study based on the respondents' impressions or reactions. It allows researchers to evaluate, analyze, and infer the theoretical implications of their outcomes and propose hypotheses for future research. "Descriptive research is concerned with describing data and demographic characteristics. The purpose is to collect real, accurate, and systematic data that may be used in statistical calculations such as averages, frequencies, etc. Experimentation is rarely used in descriptive studies because they are more interested in spontaneously occurring phenomena than in the observation of controlled conditions" (Valdez, 2010). Based on the definition of descriptive research provided above, the researcher determined that it was a suitable approach to utilize because this study aimed to explain the effectiveness of auditing practices of chosen auditing firms in Metro Manila on their profitability.

DATA PRESENTATION

Profile of the Firm

SyCip, Gorres, Velayo and Company, a member firm of Ernst and Young was already in the professional career for about 73 years, Navarro, Amper and Company also known as Deloitte Philippines was in service for 22 years, Isla, Lipana and Company, member firm of PricewaterhouseCoopers have provided professional services in the Philippines for 19 years and R. G. Manabat and Company was the latest among the big auditing firms in the country whose providing services for 12 years. In terms of number of auditors SGVandCo. has the highest number of auditors with 3,643, Isla, Lipana and Company is second with 1,144 auditors, R.G. Manabat and Company employed 1,048 auditors and Navarro Amper and Company has 758 auditors intact. In terms of number of employees SGVandCo. has the largest manpower with total of 5,740, Isla Lipana and Co. has 1,892, R. G. Manabat and Co. has 1,582 and Navarro Amper and Company has 867 employees. These employees are composed of assurance, tax, advisory, transaction services, office support, I. T. support staff; and in terms of number of audit clients SycipGorresVelayo and Co. (SGV) remained the most sought-after auditing company among the country's largest firms. It not only maintained its top position among auditors, but it also grew its market share, capturing more than half of the corporations on this year's list. Ernst and Young (EY) Philippines audited the financial statements of 513 firms that made the current Top 1000 Corporations ranking, up 74 from the previous year and boosting its market share to 51.3 percent from 43.9 percent.

Profile of the Respondents

In terms of individual respondents’ age 260 or 58.8% were aged 20 to 30 years old, 114 or 25.8% were aged 31 to 40 years old, 44 or 10.0% were aged 41 to 50 years old, and 24 or 5.4% were aged 51 years old and above. In terms of individual respondents’ highest educational attainment 64.3% or 284 of the total respondents have a bachelor's degree while 32.1% or 142 have a master's degree and 3.6% or 16 have a doctor's degree. In terms of individual respondents’ number of years in audit practice 45.7% or 202 were in the audit practice of 5 years or less, 35.3% or 156 were in the audit practice for 6 – 10 years, 8.6% or 38 were in the audit practice for 11 – 15 years, and 10.4% or 46 were in the audit practice for more than 15 years. In terms of individual respondents’ job position level, 126 or 28.5% were in associate level, 150 or 33.9% were in senior associate level, 120 or 27.2% were in Director/Manager level, and 46 or 10.4% were partners. In terms of individual respondents’ Average Annual Number of Related Trainings/Seminars for the Last Three Years, 14.5% or 64 has an average of 30 CPD units or less, 4.5% or 20 has average CPD units of 31 – 60, 7.2% or 32 has average CPD units of 61 – 90, 20.9% or 92 has average CPD units of 91 – 120, and 52.95 or 234 has more than 120 units.

Level of effectiveness of Audit Practices.

Regarding leadership responsibilities, the respondents believed that Aims in achieving quality in all engagements would help boost earnings with the highest mean of 4.43. At the same time, allocation of sufficient resources is light in revenue growth got the lowest mean of 4.09. In terms of ethical requirements, the respondents believed that declaration of independence on an annual basis would improve the credibility of their work and hence will retain the clients obtained the highest mean of 4.57 while compliance with fundamental principles of professional ethics in nature and has been part of the life of every auditor got the lowest mean of 4.37. In terms of engagement performance, Maintenance of confidentiality of information, the safety of client’s assets, maintaining integrity in the performance of audit, retrievability of documents needed in audit helps in reduction of cost of service obtained the highest mean of 4.51 and completion of audit files on a timely basis after the engagement does not necessarily add value to client relationship got the lowest mean of 4.34. In terms of human resources, continuous training for auditors will help acquire the necessary skills to perform the task with the highest mean of 4,50. At the same time, the assignment of appropriate staff will build a good client relationship got the lowest mean of 4.14. Finally, creating policies and processes designed to provide reasonable assurance that the quality control system is relevant and adequate resulted in the highest mean of 4.35 in monitoring. The lowest mean of 4.24 was obtained by evaluating the identified risk and planning related procedures resolve such risk.

Table 1 - Respondents’ Assessments on the Effectiveness of Practices of Auditing in Terms of Leadership Responsibilities, Ethical Requirements, Engagement Performance, Human Resource and Monitoring

Aspects	Grand Mean	Verbal Interpretation
Leadership Responsibilities	4.26	Very Effective
Ethical Requirements	4.48	Very Effective
Engagement Performance	4.43	Very Effective
Human Resources	4.31	Very Effective
Monitoring	4.30	Very Effective

Table 1 shows that Ethical Requirements had a grand mean of 4.48 and a verbal interpretation of Very Effective, Engagement Performance had a grand mean of 4.43 and a verbal interpretation of Very Effective, Human Resources had a grand mean of 4.31 and a verbal interpretation of Very Effective, Monitoring had a verbal interpretation of Very Effective, Leadership responsibilities had a verbal interpretation of Very Effective, Monitoring had a verbal interpretation of Very Effective, and Monitoring had a verbal interpretation of Very Effective.

Ethics auditing is defined as the chance and agreement to design a system to provide information on ethical corporate behavior. This approach aims to improve the company's commitment to ethics by increasing openness and trustworthiness. Simultaneously, developing this system allows us to incorporate the moral component into company activities and decisions, thereby fulfilling a significant dimension of the production, maintenance, and development of trust capital and, as a result, maintaining the audit client (Garcia-Marza). The first step toward maximizing profit is identifying the areas where staff waste the most time. One needs to go no further than the typical audit engagement to find examples of time inefficiencies and labor cost overruns (Brandon Sims, 2019).

If a company's strategy is to supply the right product or service, in the right way, to the right customers, for the right reasons, the company should start with the proper hiring process. In all functions and from all viewpoints, doing things right the first time is unquestionably faster, cheaper, and better (Westcott, 2014). The benefits of continuous controls Monitoring and constant auditing are well known among financial and auditing professionals. Despite this, only a tiny percentage of businesses have reached their full potential, especially at the corporate level. The reasons behind this, according to Deloitte, are twofold: first, executives haven't seen a clear, compelling business case for implementing continuous Monitoring (CM) or constant auditing (CA) in their businesses; and second, they don't have a clear image of how CM or CA would be implemented. (2010).

Profitability of the Auditing Companies

In terms of revenue growth, auditors who understand their clients' needs and wants and are correctly set up to deliver various financial services, understanding your clients' environments and operations will help the auditor be more effective and efficient in their task receive the highest mean of 4.46. At the same time, engagement fees based on actual hours worked do not necessarily mean increased profit received the lowest mean of 3.98. In terms of cost minimization, the use of technology in auditing will assist decrease costs by providing rapid access to data, which received the most excellent mean of 4.21. The completion of an engagement quality review may incur additional charges, which received the lowest mean of 3.78.

Table 2 - Respondents' Assessments on the Effectiveness of Profitability of Selected Auditing Companies in Metro Manila in Terms of Revenue Growth

Revenue Growth	Weighted Mean	Verbal Interpretation
A competent engagement team increased the number of new engagements every year	4.31	Very Effective
Engagement fee is increased every period when a quality engagement was delivered to the client.	4.28	Very Effective
Accountants who understand the needs and wants of their clients and are properly set up to deliver a number of financial services	4.46	Very Effective
Fees are based on actual hours worked done in performance of the engagement	3.98	Effective
Having sets of auditors that are specializing per industry will encourage companies to enter into the firm for an engagement	4.27	Very Effective
GRAND MEAN	4.26	Very Effective

Table 2 revealed that "Accountants who understand the needs and wants of their clients and are well set up to supply a range of financial services." This implies that knowing and understanding your audit client's business environment will assist the auditor in completing the audit procedures in less time and with greater effectiveness and efficiency. This will assist auditing firms in keeping their clientele. Understanding your client's business issues is a must. It's also about figuring out what drives people, their concerns, and why they behave in the way they do. Understanding what matters to clients, their values, and their essential qualities is crucial. It necessitates continuous evaluation and monitoring. It makes good business sense to build a more robust client relationship. Retaining a client cost significantly less than acquiring a new one in most cases (Arnold and Willie, 2019).

Having a client acceptance policy in place can help accountants avoid financial catastrophe. CPAs should avoid clients who may jeopardize their professional image and instead seek out those who will increase their firm's profit and status. Several accounting company leaders advocate that the choice to accept or reject customers be based on five variables. The willingness of a prospective client's management to share relevant information, the client's relationships with other professionals, the impact of being associated with the client on the accountant's reputation and profitability, the ability of the CPAs to provide the services required of them, and the client's ability to pay for the CPAs' services are all factors to consider.

"A competent engagement team increased the number of new engagements every year" (weighted mean of 4.31 and verbal interpretation of "Very Effective"), whereas "Engagement fees are increased every period when a quality engagement is delivered to the client" (weighted mean of 4.28 and verbal interpretation of "Very Effective"). The most significant driver of audit fee movement, according to Dr. Robert Knechel, a specialist in audit fee research from the Warrington College of Business who was interviewed for the report, is size, with large companies requiring more effort to audit than small companies. Furthermore, he points out that the audit becomes more difficult as the company being audited becomes more sophisticated, and that complexity leads to more hours and more excellent rates.

"Fees are based on actual hours worked in performance of the engagement," according to the weighted mean of 3.98 and verbal interpretation of "Effective." Because it is related to the amount of time spent in the audit process, audit risk becomes one of the factors that auditors examine when doing the audit. As a result, it will impact the amount of money that will be paid (Suryanto, 2014). Due to the increasing necessity for meetings and contacts with players, higher corporate governance standards necessitate more effort from the auditor (De Lima Catro, Peleias and Da Silva, 2015).

Table 3 - Respondents' Assessments on the Effectiveness of Profitability of Selected Auditing Companies in Metro Manila in Terms of Cost Minimization

Cost Minimization	Weighted Mean	Verbal Interpretation
Engagement Quality Review lessen scope of work for the entire engagement process	3.78	Effective
Proper documentation and filing reduce the cost procedures for a specific engagement	4.19	Effective
Competent and experienced staff members and partners reduce the cost training	3.93	Effective
Advances in technology and greater availability of and access to data.	4.21	Very Effective
Competitive compensation package to avoid switching auditors, including costs of educating new auditors	3.98	Effective
GRAND MEAN	4.02	Effective

Table 3 reveals that "Advances in technology and greater availability of and access to data." As a result, employing technology to undertake audits saves time and money because data is kept and accessible at any time through virtual applications developed by Metro Manila auditing businesses. Financial and accounting activities and internal controls in company processes have all been impacted by the usage of information technology. For example, employing information technology to increase the efficiency and efficacy of external auditing allows it to be finished in less time, boosting auditing quality and increasing audit offices and firms' profits (Magabli, 2019). Auditor use of information technology also contributes significantly to improving the efficiency and effectiveness of auditing, both in terms of reducing time, the number of users in audit offices, and audit costs, as well as increasing the job satisfaction of office owners, their fame, and their access to new customers. When conducting audits, auditors are also aware of the importance of leveraging information technology.

"Proper documentation and filing reduce the cost procedures for a specific engagement" and "Competitive compensation package to avoid switching auditors, including costs of educating new auditors" posted weighted means of 4.19 and 3.98, respectively. Bothe are verbally interpreted as "Effective." Many businesses use restricted compensation tools that aren't aligned with their long-term objectives. Compensation techniques such as base salary, bonuses, and stock ownership are well-known. Base salaries will always be a key component of hiring and retention efforts, but they rarely attract or retain qualified employees on their own (Brown and Baginski, 2014). Audit managers understand the persuasive power of a competitive salary when wooing top talent. But it doesn't stop there. Benefits, perks, and incentives can also be deal-makers. Highly skilled accountants and auditors want a well-rounded package when weighing job offers, and, in a tight hiring market, they know they're in an excellent position to get what they wish to (Paul McDonald, 2019).

With a weighted mean of 3.93 and a verbal interpretation of "Effective," "Competent and experienced staff members and partners reduce the cost of training." In contrast, "Engagement Quality Review reduces the scope of work for the entire engagement process," with a weighted mean of 3.78 and a verbal interpretation of "Effective," Think about how much it costs to replace employees. Your company's productivity and sales will suffer as a result of one fewer employee. Employees are being asked to work longer hours, which may cause morale to worsen, causing them to leave the organization. You spend time reviewing and interviewing candidates to identify a suitable successor. You must train someone after they have been hired. Staff turnover costs money. Your business will function more smoothly with training. Employees that have been trained will be better able to deal with consumer inquiries, close sales, and operate computer systems. The impact of requiring the engagement partner to sign the audit report comes at a good moment, as the Public Company Accounting Oversight Board (PCAOB) is considering imposing a similar requirement. There is a considerable decrease in abnormal accruals and the likelihood to meet an earnings threshold in the first year after the signature requirement is implemented and a significant rise in the incidence of qualified audit reports and the informativeness of earnings. Furthermore, post-signature audit fees are much more significant than pre-signature audit rates (Carcello and Chan, 2013).

Significant relationship between audit practices and profitability

In terms of revenue growth, practices related to leadership responsibilities, ethical requirements, engagement performance, human resources, and monitoring, all p-values were less than 0.05. Thus, the null hypothesis was rejected. The p-values for the relationships were all 0.000. The null hypotheses were rejected since this was less than the estimated level of significance of 0.05. This indicates that there is a statistically significant link between practices and sales revenue. The null hypothesis was rejected since all of the p-values for behaviors related to leadership responsibilities, ethical requirements, engagement performance, human resource management, and monitoring were less than 0.05. All of the associations had p-values of 0.000. The null hypotheses were rejected since this was less than the estimated level of significance of 0.05. This indicates that there is a statistically significant link between practices and cost reduction.

Leadership responsibilities is significantly related to age (r=0.229, p=0.000), highest educational attainment (r=0.276, p=0.000), years in audit practice (r-0.285, p=0.000), job position level (r=0.236, p=0.000), and average annual training (r=0.126, p=0.008). Human resource is significantly correlated to age (r=0.149, p=0.002), highest educational attainment (r=0.150, p=0.002), years in audit practice (r=0.160, p=0.001), and job position level (r=0.121, p=0.011). Monitoring is significantly related to highest educational attainment (r=0.120, p=0.011) and years in audit practice (r=0.108, p=0.023). Significant relationships exist between sales revenue and the age (r=0.151, p=0.001), highest educational attainment (r=0.200, p=0.000), number of years in audit practice (r=0.183, p=0.000), and job position level (r=0.120, p=0.012).

Significant relationships exist among leadership responsibilities, age, and sales revenue; human resource, age, and sales revenue; human resource, highest educational attainment, and sales revenue; human resource, number of years in audit practice, and sales revenue; human resource, job position level, and sales revenue; monitoring, highest educational attainment, and sales revenue; and monitoring, number of years in audit practice, and sales revenue.

Summary and Conclusions

The researcher came to the following conclusions based on the aforementioned findings:

1. It can be concluded that SGV and Company (EY) has the most significant workforce in auditors, including audit support, office staff, and IT support. SGV and Company has always been number one in market share. In an article published in Business World entitled "Quality is key to market position – SGV" on November 11-12, 2011, the column stated that SGV has made it a point to share new knowledge on business and the economy with its clients while providing continuous training to its partners and staffs in eighth branches across the country. Considering the aggressiveness of the competition, SGV has no intention of resting on its laurels.
2. It can be concluded that most of the respondents were aged ranging from 20 – 30 years old, with bachelor's degrees. Auditors with a master's degree or higher are assumed to have extensive knowledge of accounting, auditing, management, and information systems, and thus superior integration, analysis, and judgment competencies, according to Chen, Yang, and Yang in their study "Higher Academic Qualifications, Professional Training, and Operating Performance of Audit Firms. Most of the respondents were in audit practice as senior associates for five years or less and have been trained auditing related practices of more than 120 CPD units for the last three years.
3. The respondents confirmed that the audit practices of auditing companies in Metro Manila thus affect the Company's profitability; they also confirmed that practices employed by their respective companies are very effective in terms of revenue growth and cost minimization. Individual auditors' knowledge and intangible service dimensions are positively related to engagement profitability, and greater engagement profitability is not associated with lower audit quality. Engagement realization rates account for audit production expenses and the readiness of customers to pay a fee premium. While realization rates are not a perfect measure of profitability, they include both income and cost data, making them a better but not perfect substitute for fee data.
4. It was determined that having an auditor who understands their clients' needs and wishes and is appropriately set up to give various financial services helps boost profit. In the context of auditing, intangible client service delivery refers to noncontroversial audit execution tasks such as effective and timely communication with clients, punctual and helpful responses to customers' concerns, and customization of the firm's services to the client's individual needs. Clients that are satisfied with the public accounting firm's services on these specific dimensions are more likely to pay a higher audit fee; as a result, improved communication, coordination, and execution can result in cost savings. At the same time, technological advancements and more data availability and access will reduce costs. The cost of developing technology and keeping it cutting-edge is significant for professional services firms. To support this investment, firms must be able to pass on the expense to their clients. If clients anticipate the audit will take less time than predicted, they may request lower audit fees.
5. It is concluded that leadership responsibilities were significantly related to age, highest educational attainment, years in audit practice, job position level, and average annual training. Human resource is significantly correlated to age, highest educational attainment, years in audit practice, and job position level. Monitoring is related substantially to the highest educational attainment and years in the audit practice. Significant relationships exist between sales revenue and the age, highest educational attainment, number of years in audit practice, and job position level. This suggests that profit is driven in audit fees by retaining the clients and considering the expertise of the deployed auditors.

After a thorough analysis of the data and based on the conclusions drawn, the researcher made the following recommendations.

1. Cloud-based technology can increase your firm's productivity in many ways. Moving to the cloud can reduce IT costs, provide extra data security, increase flexibility, and overall, is an efficient collaborative storage space for all of your documents and files. Thanks to cloud tech, accountants can now interact with clients more efficiently. The ability to access a document anywhere, on any device, has enabled accountants to work closely with clients - achieving more productive outcomes.

2. The training and development activities shall be based on specialization and not general training for all audit staff. These auditing companies are rendering professional services mostly in big companies in the country. They should focus on a particular field to master the same. Hence, the researcher recommends that training be provided based on the specialization of the auditor.

3. One of the best methods for professional services firms to generate business is through strategic relationships with other firms or organizations. Look for organizations that serve, at least in part, your target demographic and provide complementary services that aren't in direct competition with yours. To promote a two-way interaction, search for organizations that you can assist. Talk to them about cross-

marketing services, referrals, or email list sharing when you have a lead.

4. Regulators may impose a firm rotation rather than a signing partner rotation every five years for listed clients. Because when the same clients are in the same firm for an extended period, it creates an association with the audit firm and client management, which will impair the auditor's independence.

5. Auditing companies shall have a competitive compensation package for new hire auditors. Most auditors use these auditing companies as a training ground to gain experience and subsequently look for another job after 2 – 3 years of working because of the compensation issues. Depending on the magnitude and complexity of the engagement completed within the stipulated period, they may adopt an engagement-based profit-sharing system.

6. Auditing companies may offer a scholarship grant for a higher degree in their field of specialization for qualified auditors. Currently, these auditing companies are offering "secondment" to their talented staff, that is, sending them abroad for additional training for free. Sending them to schools for a higher degree will enhance their learning and knowledge in their field of specialization.

7. Make an agreement with other firms to have a swap of listed clients for a prescribed period of five years. Concerning the rotation of audit clients, the auditing firms may agree to exchange clients not to impair independence while retaining the number of audit clients. These firms shall consider the nature, size, and complexity of the audit client to be swapped.

8. The auditing firms shall have overall policies and procedures published and given to all auditors designed to achieve a quality control system under the professional code of conduct and standard of quality control.

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