

Abstract

This study is based on the perception of the auditors towards auditors' independence. In accomplishing the general goals, three specific objectives were designed by the researcher during the study. These include assessing general understanding of the auditors towards auditors' independence, assessing factors that affect the auditors' independence and assessing current ethical regulation towards auditors' independence.

The sample size of 40 respondents' consisting of auditors of different levels was selected. Study used questionnaires, interviews, observation and documentary review as a data collection tools and was analysed qualitatively through Microsoft excel and SPSS. Study was conducted in three big audit firms which are Deloitte. KPMG and PWC.

The findings revealed that auditors have clear understanding towards auditors' independence and they are frequently use of CPC in conducting audit work to secure the independence of the audit. Also, through regression analysis, it was revealed that audit tenure, client importance, client affiliation with auditor's firm and non-audit services have an adverse effect on auditors' independence.

Finally, the study recommended that, there should be limitation of services. To date audit firms jointly provide audit services and non-audit services to clients. Auditors had argued that the knowledge acquired during the audit process can allow other services to be provided less expensively. However, some of the services should be limited or be provided with reasonable safeguards to reduce them to an acceptable level. This will avoid self-interest, self-review, familiarity and advocacy threat during the conduct of the audit enabling the auditor to exercise independence.