

# Problems Facing External Auditors in Kuwait

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## Abstract

Audit quality maintains positive association with the level of confidence of different stakeholders who are concerned about the financial and operational performance of audited financial statements. Hence, the role of the external auditor is unavoidable to restore good corporate governance. The purpose of the study is to identify the problems, which face the external auditors in Kuwait. In order to achieve this objective, 120 questionnaires have been distributed to random external auditors in Kuwait. A total of 100 questionnaires were returned; resulting in 83% usable response rate. The study showed that the external auditors in Kuwait faced many problems regarding the laws and legislations. It also demonstrated that the absence of independent and specialized party for legislations of auditing, insufficient role of professional associations in educating auditors, the weak of internal control over audited companies and the low fees of auditing as the most important problems facing external auditors in Kuwait. The analysis revealed that the lack of confidence between the audit offices and firms, clients relax to some of the audit offices and firm slowdown in paying audit fees seem to be the least significant obstacles facing external auditors. The study concluded that applying appropriate criteria for calculating the audit fees and educating auditors on the importance of adhering to professional ethics are important variables to overcome the auditors' problems.

**Keywords:** auditors, problems, legislations, firms, information, Kuwait

## 1. Introduction

Auditing is significant process in developed markets since it contributes to the process of economic stability and wealth maximization relies greatly on confidence in processes of accountability. However, in Gulf Co-operation Council (GCC) region likes Kuwait, the profession of auditing plays a main role in the development of the economy and society. The audit quality is one of the most major subjects in auditing profession. If the auditor is able to discover the existing material misstatements, the audit process is judged of high quality. Currently, there are many studies focus on problems facing auditors in emerging markets and there is relatively little literature published on the field in GCC markets.

The purpose of the study is to examine the problems related to legislations' problems, professional societies and customer issues which face the external auditors in Kuwait and to propose appropriate solutions to solve them. It is expected that this study is appreciated by both auditors and government. For the former, it might raise the problems in their performance and save their time by drawing their interest to these challenges and the approaches to face them. For the latter, it might assist the government to know how to establish better auditing environment in the Kuwaiti firms. Moreover, it might extend the existing knowledge on the audit challenges by providing evidence of the nature of challenges and their composition in GCC region.

The rest of the paper is structured as follows. The subsequent part offers a short review of related literature and research hypotheses. Data collection and study approach are described in part three. While findings are examined in the fourth part, a conclusion is presented in the final part.

## 2. Related Literature and Research Hypotheses

Audit plays a critical role in encouraging governance for transparency in financial management and reducing corruption (Al-Khaddash, Al-Nawas, & Ramadan, 2013). The aim of audit task includes verification of statement of income and expenditure to decide whether these are organized truly and appropriately (Alabede, 2012). According to Sneider, Bumane and Lascenko (2013) the auditor should not think that management is neither

honest nor dishonest, rather than searching possible mis-statement due to error or fraud.

Many attempts have been made to examine the obstacles facing auditors in several places (see for example, **Jordan**: Al-Hmood, Qaqeish & Ramadan, 1992; Abdullah & Ahmed, 2011; Hanini, 2013; Al-Khaddash et al., 2013. **Palestine**: Hamdonah & Hamdan, 2008; Durgham, 2009; Al-Bahyasy, 2010. **Turkey**: Guney & Bozkurt, 2012; Kizil, Uçar & Oğuz, 2018. **UK**: Alabede, 2012. **Nigeria**: Modugu, Ohonba & Izedonmi, 2012. Okolie, 2013; Romanus & Arowoshegbe, 2014; Dauda, Ombugadu & Aku, 2015. **Latvia**: Sneidere et al.; 2013; Aizsila & Ikaunieks, 2014. **Libya**: Zakari, 2013; Amara, 2015. **Ghana**: Etse & Asenso-Boakye, 2014. **Iran**: Mohaghegh, 2015. **Pakistan**: Bazmi, Rehman & Abdul Rehman, 2016; Alam, Hassan & Ferdous, 2017). The succeeding part is a concise review of the above empirical investigations.

Al-Hmood et al. (1992) analysed the problems facing the auditors in Jordan. They found that the lack of having specific rules of the professional conduct and the weakness of the systems of the firm's internal control of auditing are the main problems facing the auditors. Moreover, Abdullah and Ahmed (2011) showed that there is no impact of adopting electronic techniques on auditing process. Also, Hanini (2013) suggested amending the laws and the legislations that organized the auditing profession to suit the auditors' needs. Another study directed by Al-Khaddash et al. (2013) who reported a positive and significant association between audit quality and audit efficiency, the reputation of auditing office, auditing fees, the audit firm size, and the proficiency of auditor.

Hamdonah and Hamdan (2008) found that auditors apply IT in planning, controlling and documenting the audit processes to some extent. Durgham (2009) found that the organized body of the profession does not have the power force the practitioners to execute the international accounting and auditing standards. The researcher observed that there is unethical competition among auditors. Another study supervised by Al-Bahyasy (2010) who distributed questionnaire as an attempt to evaluate the current situation of accounting profession. He found that current situation of accounting profession in Pakistan is weak due to the absence of a professional law that regulate accounting, the lack of profession awareness among the public comparing with other professions and the absence of continuous learning programs for accountants.

Guney and Bozkurt (2012) showed that the work load of auditors has increased as a product of using electronic media. They concluded that the possibility of obtaining a punishment due to the mistakes is low. Furthermore, Likewise, Kizil et al.; (2018) distributed questionnaire among 35 accounting professionals in Turkey as an attempt to identify the problems faced by them and come up with solutions for these problems. They showed that accounting occupation doesn't have a professional identity in Turkey and accounting education given in universities is perceived as insufficient. They suggested solutions should come from professional accounting chambers and bodies.

Alabede (2012) pointed out that the role of the external auditor is critically facilitated by efficient and effective internal control system and with the cooperation of the audit committee. The researcher recommended that Financial Reporting Council should be empowered by law to be involved in the appointment of external auditors of big firms. In addition, the council through Auditing Practices Board should release specific guidelines that maintain non-audit service greatly low. Motubatse, Barac and Odendaal (2015) observed that the most challenges facing the internal audit are the lack of business knowledge, lack of management support and lack of audit action monitoring processes.

Modugu et al. (2012) stated that auditors should have a zero tolerance of corruption in order to lead progress in building our economy. Okolie (2013) found that development of accounting education in Nigeria has been influenced by lack of teachers, facilities and funding. Moreover, Romanus and Arowoshegbe (2014) revealed that there is serious need for effective training and retraining of practicing accountants for the education part of accounting curriculum to capture modern trends in accountancy. Another study performed by Dauda et al.; (2015) added that dearth of accounting teachers and the lack of compliance to the profession's ethics by practitioners as some of those threats to the accounting profession. Chike and Michael (2020) observed that the lack of technical manpower and corruption are the main challenges facing tax auditors.

Sneidere et al. (2013) found that the accounting services have a periodic character and wanted most of the year. They also perceived that the flow of income is unequal and accountants act under the situations of high concentration that sometimes may influence the quality of financial reports. Furthermore, Aizsila and Ikaunieks (2014) found that the present economic state and regulations generate uncertainty of existence for small and medium-sized local audit firms. They observed that European Union regulations, competitive forces, and an audit firm's cost base are the core challenges for the audit firms.

Zakari (2013) used questionnaire to find out the problems of auditor's efficiency. He found that there is a lack Libyan auditing profession work towards auditors. He recommended to educate auditors with international

accounting standards and encourage universities to develop Libyan external auditors work. Furthermore, Amara (2015) demonstrated that there is a lack of the information and internal control systems. He concluded that the performance auditing system can be improved by paying attention to the legislative and administrative officials at higher levels.

Etse and Asenso-Boakye (2014) distributed 40 questionnaires among auditors to explore the major challenges and weaknesses of public procurement audit. They found that the main problems include poor documentation and inappropriate record keeping; habitual violation of public procurement laws and regulations; incompetence of procurement and audit personnel; and insufficient supply of resources for the audit function. It is clear that the smallness of the sample size is the main limitation.

Mohaghegh (2015) identified the problems faced auditors. He found that lack of auditing standard and lack of coordination between accounting standards and direct tax regulations are the main problems for financial auditors. He also pointed out that uncertainty in some tax rules and circulars is one of the operational problems faced by financial auditors. He suggested to establish quality control committee within auditor's society to examine tax audit reports in order to match with ones issued with tax regulations.

In Pakistan, Bazmi et al. (2016) interviewed 20 internal auditors of selected private sector firms of Lahore city to examine the problems faced by internal auditors. They found that the main challenges are lack of coordination of accounts, ignoring rules and regulations and lack of awareness and training. Additionally, Alam et al.; (2017) found that the majority of Shariah auditors working in Islamic financial institutions have no experience and qualification about Shariah audit and Islamic banking. Asare, Wright and Zimbelman (2015) suggested the need for curriculum and firm training to develop the importance of the organization of fraud knowledge.

Few studies were conducted to explore the challenges faced auditors in GCC region (see for instance, **Kuwait:** Al-Rashed, 2002. **Qatar:** Al-Khater & AlAtar, 2004. **Saudi Arabia:** Dalahma, 2006; Alsaad, 2007. **Bahrain:** Joshi, Al Ajmi & Bremser, 2009). The following part reviews in short of these investigations.

Al-Rashed (2002) surveyed external auditors in Kuwait about the main problems facing external auditors. The researcher distributed a questionnaire among 32 auditing offices and found the lack of compliance with the International Accounting and auditing Standards and lack of a reputable code of conduct to be among the most significant challenges facing external auditors. He also pointed out to other problems facing external audit in Kuwait such as the passive role of Kuwait Association of Accountants and Auditors and the un-ethical practice to determine audit fees.

Al-Khater and AlAtar (2004) surveyed external auditors about the main problems facing auditors. The researchers distributed questionnaires among 15 auditing offices and found the most important problems facing auditors are the weakness of internal control systems, the absence of the role of professional associations and the absence of a code of ethics and professional conduct.

Dalahma (2006) observed that the auditors' fees are insufficient with their efforts. Alsaad (2007) demonstrated that legislations, roles, and standards are important for environmental auditing.

Joshi, Al-Ajmi and Bremser (2009) surveyed external auditors about the main problems facing auditors. The researchers distributed questionnaires among 87 auditing offices and found that the main problems are high fees, excessive audit time requirements, difficulty in meeting auditor's requests and audit personnel difficulties in understanding the business. They also showed that the main audit process problems attributable to clients as due to inadequate internal control and accessing information.

It is shown that there are few studies on the obstacles facing external auditors in GCC as a general and in Kuwait as a particular. This implies the requisite for empirical investigating to improve our understanding the obstacles facing external auditors in Kuwait. Therefore, the current investigation is conducted to test the following hypotheses:

- $H_1$  : *The auditors in Kuwait face difficulties related to the laws regulating the profession.*
- $H_2$  : *There is lack of the current legislations regarding the profession auditing.*
- $H_3$  : *The professional associations do not develop the profession of auditing.*
- $H_4$  : *There are no criteria for determining auditors' fees.*
- $H_5$  : *There is weak of internal control over audited companies.*
- $H_6$  : *Apply appropriate criteria for calculating the audit fee reduces the auditors' problems.*

### 3. Study Methodology

The current study is to identify the problems facing external auditors in Kuwait. The study is accomplishing a survey among auditors to elicit their opinions to the obstacles facing auditors in Kuwait. Participants were invited to fulfill a questionnaire that included two parts. The first part covers general information about the participant’s characteristics such as age, experience and educational level. The second part covers some problems facing auditors and divides into four groups. The first group-contained possible problems related to the legal legislations. The second group-contained problems related to the professional societies. The third group-contained problems related customer issues. The fourth group-contained suggestions to solve these problems.

The selection of the problems facing auditors included in the questionnaire was based on previous researches such as Al-Hmood et al. (1992) and Siam (2002) and Hanini (2013) in Jordan, Al-Rashed (2002) in Kuwait, Durgham (2009) in Saudi Arabia, Joshi et al. (2009) in Bahrain, Sneider et al. (2013) in Latvia, Mohaghegh (2015) in Iran, Alam et al. (2017) in Pakistan.

University lecturers who are expert in this field revised the questionnaire to check clarity and understandability. Slight adjustments were performed on the questionnaire to adopt the lecturers' proposals and recommendations. The questionnaire was further piloted among auditors to confirm understandability. The modified questionnaire comprises 5- point likert scale items. The questionnaire permits the participants to assess each of the factor on a five-point scale ranging from strongly disagree (1) to strongly agree (5) where (3) stood for a neutral response.

Structure questionnaires were distributed among 120 auditors in Kuwait on August 2022 and 100 questionnaires were returned; resulting in 83% usable response rate. The data of questionnaire was then inserted in Statistical Package for the Social Sciences (SPSS) file for investigation. Cronbach's Alpha test was applied to assess the internal consistency of the gathered data. The questionnaire has a Cronbach’s alpha co-efficient of 0.84, suggesting high internal consistency of the items. According to Hanini (2013)  $\geq 0.70$  is an acceptable value for cronbach's alpha ( $\alpha$ ). Descriptive statistics have been utilized to clarify the participants’ characteristics and their response to the problems facing external auditors in Kuwait. Regression analysis was accomplished to uncover the most problems facing external auditors in Kuwait.

Table 1 displays respondents’ background who engaged in the survey. Most of the auditors (80 percent) are Kuwaitis and the rest (20 percent) are non-Kuwaitis. It also displays that the majority of the respondents (75 percent) are married and 25 percent of the respondents are not married. Furthermore, about 67 percent of the participants are male while the rest of participants are female. This indicator delivers pure sign that large number of males are studying accounting in Kuwait.

Table 1. Respondents background

	Frequency	Percent		Frequency	Percent
Nationality			Academic Qualification		
Kuwait	96	80	Bachelor	100	83.3
Non-Kuwaiti	24	20	Masters	15	12.5
			PhD	5	4.2
Total	120	100	Total	120	100
Gender			Marital Status		
Male	80	66.7	Single	30	25.0
Female	40	33.3	Married	90	75.0
Total	120	100	Total	120	100
Your Experience			Age		
Less than 5 years	15	12.50	Less than 30 years old	38	31.7
From 5-10 years	70	58.3	From 30- 40 years old	38	31.7
From 10-15 years	20	16.7	From 40 -50 years old years	34	28.3
More than 15 years	15	12.50	Over 50 years old	10	08.3
Total	120	100	Total	120	100

Source: authors

Table 1 also reveals that the majority of participants' age is below 40 years indicating the dominance of the younger generation on the auditing process in Kuwait. Moreover, the table shows that almost of 67 percent of participants have 5 experience in auditing and 83 percent participants have bachelor's degree in accounting, while 12.5 percent and 4.2 percent obtain Master and PhD degree respectively. This will provide more reliability to the outcomes of this investigation.

#### 4. Findings and Analysis

The participants were presented by possible legislations' problems related to the auditing profession that may confront and were asked to express their level of agreement with each of them. The results of their answers are summarized in Table 2. It is evident from the table that the participants either strongly agreed or agreed with almost all variables listed in the questionnaire as reflected by the mean and standard deviation. This suggests that almost all legislations and laws problems are significant to auditors. A company that does not comply with the legislation is at risk of losing a reputation and customers.

Table 2. The extent of agreement the participants' attaches to legislations' problems

Item	Mean	Std. Dev.	$\chi^2$	Sig	Rank
There is a lack of the current legislations regarding the profession auditing.	4.10	0.799	2.29	0.31	1
The absence of independent and specialized party for legislations of auditing.	4.00	0.811	1.44	0.38	2
Not requiring auditors to devote themselves to the auditing profession.	3.95	0.815	2.03	0.39	3
The continuous training of the auditor is not a condition in the legislations.	3.85	0.886	3.07	0.41	4
There are no criteria for determining auditors' fees	3.8	0.910	4.29	0.36	5
Non-compliance of auditors with international accounting standard	3.70	0.950	2.34	0.28	6
The non-shareholding companies are not subject to audit its accounts.	3.50	1.05	4.03	0.41	7

Nevertheless, the lack of the current legislations regarding the profession auditing, the absence of independent and specialized party for legislations of auditing and not requiring auditors to devote themselves to the auditing profession are likely to be the most significant obstacles related to legislations and laws. Aizsila and Ikaunieks (2014) reported that the current regulations create uncertainty of existence for small and medium-sized local audit firms in Turkey. The outcomes are consistent with the study's findings conducted by Al-Rashed (2002) who revealed that auditors in Kuwait are facing the lack of legal compliance with the accounting profession controls. Moreover, Hanini (2013) observed that the auditors in Jordan are facing obstacles in current legislations and laws regarding the profession auditing.

To investigate whether the participants' nationality influences the level of agreement they attach to legislations' problems, the Kruskal-Wallis H test is undertaken. The test is utilized to classify statistically significant differences between the nationality of the participants (Kuwaiti or non-Kuwaiti) and their opinions towards various facets of problems facing external auditors in Kuwait.

This outcome was supported by the analysis of Kruskal Wallis H test as non-parametric technique and used for comparing two or more independent samples of equal or different sample sizes. The investigation showed that there are no significant differences in the attitude of the participants. In other words, there is consensus among participants on problems facing towards legislations' problems confirming that the auditors operating in Kuwait face problems regarding the legal legislations.

To obtain the participants' attitudes towards the most significant problems related to professional societies, a set of possible problems are included in the questionnaire and the participants were requested to disclose their level of agreement by each of them. The results of the participants' answers are presented in table 3. It is clear from the table that the participants either strongly agreed or agreed with almost all factors listed in the questionnaire as reflected by the mean and standard deviation. This suggests that almost all problems related to professional societies are significant to auditors. Professional societies have a clearer overview of trends in their fields than

do educational institutions. The main point of professional societies creates excellent impact with which to design and support change.

Table 3. The importance respondents' attach to problems related to professional societies

Item	Mean	Std. Dev.	$\chi^2$	Sig	Rank
Professional societies are not authorized to grant licenses to practice auditing professions	4.70	0.650	4.48	0.16	1
Academic and professional groups are not involved in drafting legislations regulating the profession.	4.40	0.750	3.44	0.18	2
The professional associations do not have an effective role in educating the society with the nature of the auditor's work	4.10	0.950	4.84	0.22	3
The professional associations do not develop the profession of auditing.	3.90	0.990	4.94	0.24	4
The competent regulatory authorities do not exercise any oversight or regulatory role in relation to the audit profession.	3.50	1.05	2.03	0.40	5
The low level of interest by the government in the profession compared to other professions such as medicine, law, and engineering.	3.40	1.15	2.33	0.18	6
The absence of rules governing professional conduct.	3.30	1.12	3.23	0.22	7
Lack of holding training courses of the auditors.	3.20	1.20	4.50	0.54	8
The auditors do not realize the role of the professional associations of auditing.	3.05	1.35	3.93	0.38	9

The participants disclosed that professional societies are not authorized to grant licenses to practice auditing professions to auditors and professional groups are not involved in drafting legislations regulating the profession are the most significant obstacles related to professional societies. This is appeared by their means of 4.7 and 4.5 respectively.

The main factor in a professional society's success is its ability to lobby for change in its area of concern. The duties of professional societies include adjusting the rules of professional activity, observing ethical compliance with members of an audit organization and guarding the interests of auditors. This outcome is consistent with the findings of Al-Rashed (2002) who stated that the Accountants Association does not participate in the granting of licenses to accountants. Also, Durgham (2009) argues that professional associations are not authorized to grant licenses to practice the audit profession. Al-Bahyasy (2010) suggested to participate the Accountants Associations in authorizing grant licenses to practice auditing professions to auditors. Dauda *et al.*; (2015) stated that accounting profession is actually faced with threats that shall affect the future of the profession. Moreover, Aizsila and Ikaunieks (2014) recommended to assess the effectiveness of the legislation and encourages cooperation with the professional societies.

Furthermore, Kruskal Wallis H showed that there are no significant differences in the opinion of the participants.

Table 4. The importance respondents' attach to problems related customer issues

Item	Mean	Std. Dev.	$\chi^2$	Sig	Rank
The fees of auditing do not equal the work effort and its responsibilities which are mentioned in the law.	4.60	0.510	4.29	0.45	1
The weak of internal control over audited companies	4.50	0.711	3.34	0.42	2
Corporate slowdown in paying audit fees	4.20	0.835	3.80	0.32	3
The audited companies are promoting some auditing companies	4.15	0.868	4.20	0.28	4
The failure of the audited companies to cooperate with the auditor	4.05	0.908	3.90	0.35	5
The auditing firms considers the audit process is to find out errors and fraud	3.95	0.950	4.10	0.22	6

The low level of competence of accountants in the audited companies	3.85	0.980	3.70	0.18	7
Some clients relax to some of the audit offices.	3.75	1.100	3.80	0.22	8
Willingness to present the results of the audit in accordance with the wishes of the management.	3.70	1.120	4.10	0.17	9
Unfair competition between auditors.	3.60	0.980	4.15	0.22	10
Procrastination by customers in determining and paying for audit fees.	3.50	1.050	3.40	0.15	11

To identify the participants' attitudes about the most significant problems related customer issues, a list of possible problems presented to them and they were asked to express the extent of their agreement with each of them.

The outcomes of the participants' answers are summarized in table 4. It is noticeable from the table that the participants either strongly agreed or agreed with almost all factors listed in the questionnaire as reflected by the mean and standard deviation. Table 4 shows that the fees of auditing do not equal the work effort and its responsibilities is the main problem related to problems related customer issues. This is appeared by mean of 4.6. It is well-known that the high fees are associated with a proportional increase in audit effort (Davis, Ricchiute and Trompeter,1993). The findings are on line with Durgham's findings (2009) who observed that the auditor's fees are not matching with the volume of work and with the responsibilities imposed by law. In contrast, Hanini (2013) found that the audit fees are less important than other variables. According to Ding (2020) audit service providers charge fewer audit fees to keep customers and if the audit charge exceeds the customer budget, it might decrease the desire of the customer to select the service. The second main problem related customer issues is the weak of internal control over audited companies. Internal controls ensure that company remains operationally effective and efficient. Weak internal accounting control means poor quality of accounting figures. The internal controls are required by many of the most common financial regulations. Jaehong, Eunjung and Hyunjung (2016) divided internal control weakness into three types namely overall-company level weakness, account-specific weakness and disclaimer of review opinion by auditor.

Kruskal Wallis H indicated that there are no significant differences in the opinions of the participants regarding problems related customer issues.

Table 5. The importance respondents' attach suggested solutions to problems facing auditors

Item	Mean	Std. Dev.	$\chi^2$	Sig.	Rank
Apply appropriate criteria for calculating the audit fee	4.10	0.799	4.10	0.29	1
Focus on quality in accounting education in Kuwaiti universities.	3.90	0.811	3.44	0.35	2
Determine the maximum number of companies that one auditor may audit.	3.80	0.815	3.63	0.37	3
Holding more training courses by specialized professional societies.	3.75	0.910	3.15	0.02	4
Educating auditors on the importance of adhering to professional ethics.	3.60	1.05	3.05	0.52	5
Participation in various courses in the field of electronic auditing.	3.40	1.20	2.95	0.24	6

Table 5 summarizes participants' attitudes about the suggested solutions to problems facing auditors. It is evident from the table that the participants either strongly agreed or agreed with almost all factors listed in the questionnaire as reflected by the mean and standard deviation. Table 5 reveals that the apply appropriate criteria for calculating the audit fee and focus on quality in accounting education in Kuwaiti universities are suggested solutions to problems facing auditors with a mean of 4.10 and 3.90 respectively. Josiah and Izedonmi (2013) stated that stronger regulation is a solution in providing better audit practice. It is consistent with Alabede (2012)

who stated that the accountancy bodies need to revise their professional ethical code to focus more on morality. Hanini (2013) encourages professional organizations to hold continuous training courses focusing on information technology for auditors in order to deal with e-commerce. Castro, Peleias and Silva (2015) observed that the auditors charge lower fees to more leveraged clients and the pricing of fees is subject to market factors and business opportunities.

The outcome is confirmed by the examination of Kruskal Wallis H test presented in Table 5. The test demonstrated that there are no significant differences in the opinions of the participants except holding more training courses by specialized professional societies. In other words, there is consensus among participants about suggested solutions to problems facing auditors.

## 5. Conclusion

In this study, an attempt is made to explore problems facing external auditors in Kuwait audit firms. To achieve this objective, a structured questionnaire was distributed to 120 auditors working for local audit firms during August 2022. 100 questionnaires returned properly completed, resulting in 83 percent usable response rate. The questionnaire was split into two sections. The first section seeks background information about the participants. The second section includes a list of variables, recorded in previous studies, as being important problems facing external auditors. The participants were requested to declare the level of importance they allocate to each factor.

The findings of the analysis pointed out that the lack of the current legislations regarding the profession auditing and the fees of auditing do not equal the work effort and its responsibilities as the most important problems facing auditors in Kuwait audit firms.

The results of the questionnaire analysis also showed other problems such as professional societies are not authorized to grant licenses to practice auditing professions, academic groups are not involved in drafting legislations regulating the profession and an ineffective role of professional associations in educating the society with the nature of the auditor's work.

On the other hand, obstacles such as the non-shareholding companies are not subject to audit its accounts, the auditors do not realize the role of the professional associations of auditing and procrastination by customers in determining for audit fees seem to be the least significant obstacles facing auditors in Kuwait audit firms.

The study showed that participants reported apply appropriate criteria for calculating the audit fee is likely to be the most suggested solutions to problems facing auditors while participation in various courses in the field of electronic auditing is likely to be the least solutions to problems facing auditors.

The analysis of Kruskal Wallis H test reveals, in general, that there are no significant differences in the opinions of the participants about the problems and suggested solutions of problems facing auditors in Kuwait.

Since this study explored the problems facing external auditors in Kuwait, the study also recommends that a similar study might be done in other GCC countries for comparison purposes and to allow for generalization of findings on the problems facing external auditors in GCC region.

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## Note

Note 1. GCC established in May 25 1981 and consists of six countries namely Bahrain, Kuwait, Saudi Arabia, Qatar, Oman, and United Arab of Emirates.

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