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Detecting Bribery: A Guide for External Auditors - Insights from the Audit Profession in Egypt

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Abstract

Corruption in general and bribery in particular is a topic of global concern. External auditors are required by audit standards to assess and respond to the risk of illegal acts, yet neither the audit standards nor do prior studies provide a guide for external auditors to audit bribery risks. Hence, the aim of the current study is to help external auditors assess and respond to bribery risks. To achieve this, the current study proposes a guide that might help external auditorsassess and respond to bribery risks. The proposed guide is based on evidence from prior literature and the insights from the audit profession in Egypt. Data was collected by the means of mixed methods, mainly an online questionnaire and semi-structured interviews. Our results supports the current body of knowledge that argued for the effectiveness of red flags in fraud risk assessments, however our study was the first to explore the effectiveness of red flags for bribery. Our findings also revealed that although red flags for bribery were perceived as effective in assessing bribery risks, not all of them have the same significance. Our study was the first to suggest how external auditors might respond to the heightened red flags for bribery. The current study also provides recommendations to audit regulators, audit firms, policy makers, and researchers on how to combat corruption and bribery.

Keywords: external auditors; Egypt; corruption; bribery; red flags for bribery; audit procedures; fraud.

INTRODUCTION

Corruption in general and bribery in particular is a topic of global concern. This was evident in the recent bribery scandals such as the case of FIFA and Petrobras Company in Brazil (Kassem and Higson, 2016). Corruption is one of the most difficult types of corporate fraud to detect because of the lack of audit trail in most cases (Wells, 2005) and bribery is the most common and costly type of corruption (Wells, 2005; ACFE, 2014). Hence, this motivated the current study to focus on bribery. Although detecting corruption and bribery requires the efforts of different stakeholders (Institute of Internal Auditors, 2014), external auditors are more likely to come under scrutiny in caseof corruption scandals. This was supported by Kassem and Higson (2016) who argued that in the recent FIFA corruption scandal many people questioned the value of audits because of the clean opinions that FIFA received each year. The authors added that the public expects external auditors to at least identify opportunities for corruption and bribery when they exist, otherwise this may result in higher settlement costs for audit firms. The International Standards on Auditing No. 250 (ISA No.250): *Consideration of Laws and Regulations in an Audit of Financial Statements* required external auditors to assess and respond to risks of illegal acts, however there was no guidance on how external auditors could assess and respond to bribery risks.

In the meantime, reviewing prior literature showed a scarcity of research into the role of external auditors in combating corruption and bribery and a lack of research that provide external auditors with a guide or a tool to actually assess and respond to bribery risks. This further motivated the current study to fill in this gap in the literature by proposing a guide that might help external auditors to assess and respond to bribery risks. The proposed guide includes types of bribery, a list of red flags for bribery ranked according to their relative significance, and audit procedures to help external auditors respond to each of the heightened red flags for bribery. The proposed guide was based on findings from prior literature and the perception of external auditors in the Egyptian context.

Although bribery is a global concern, the Egyptian context was of particular interest for two reasons. First, the scarcity of fraud research in Egypt leaves the developing world undiscovered in this area compared to the developed countries. This might have an impact on countries that are conducting business in Egypt due to the lack of knowledge about this context. This motivated the current study to expand knowledge in the area of fraud in a context that has hardly been explored before in prior literature. Second, Egypt is confronted with both grand and pretty corruption which is a major obstacle to business operations and growth (the European Commission, 2009; Transparency International, 2014). Although the current study was conducted in Egypt, the proposed guide included examples of red flags for bribery that was found in real fraud cases worldwide. This makes the proposed bribery guide applicable globally.

The rest of the paper is structured as follows: Section II reviews prior literature into the area of corruption and bribery detection including the responsibility of external auditors for corporate corruption, and how the proposed guide for bribery was designed. Section III describes and explains the methods of data collection and analysis. Section IV presents and discusses the main findings of the current study and the proposed guide for bribery. Section V includes the conclusion and recommendations. Section VI provides some ideas for future research

PRIOR STUDIES & RESEARCH QUESTIONS

External auditors are required by the international audit standards to assess and respond to fraud risks as well as illegal acts. For instance, in relation to the responsibility of external auditors for fraud, both the International Standard on Auditing (ISA) No. 200:*Overall Objective of the Independent Auditor, and the Conduct of an Audit in accordance with International Standards on Auditing* that was issued by the International Assurance and Auditing Standards Board (IAASB) in 2007 and ISA No. 240:*the Auditor's Responsibility Relating to Fraud in an Audit of Financial Statements* required external auditors to provide reasonable assurance that the financial statements are free from material misstatements whether due to error or fraud. As for the responsibility of external auditors for illegal acts, ISA No.250 *Consideration of Laws and Regulations in an Audit of Financial Statements* required external auditors to take into consideration the applicable legal and regulatory framework in conducting the audit of financial statements.

However, an examination of the audit standards revealed that no guidance was provided to external auditors on how to assess and respond to corruption and bribery risks. This was supported by Kassem and Higson (2016) who argued that audit standards has given little attention to external auditors' responsibilities with regards to corporate corruption. In the meantime, reviewing prior literature revealed that no studies have actually provided a guide or an aid for external auditors to detect bribery and very few studies explored the role of external auditors in corporate corruption (Uecher et al., 1981; Albrecht et al., 2012; Kassem and Higson, 2016). This motivated the current study to fill in this gap in the literature by proposing a guide that might help external auditors assess and respond to bribery risks.

In order to design the proposed guide, it was important to address the following research questions: (1) how could external auditors assess bribery risks? (2) How could external auditors respond to bribery risks? To address the first research question, prior literature was reviewed thoroughly for an effective technique that could help external auditors assess fraud risks in general. This review revealed a stream of research suggesting the use of red flags as an effective technique for assessing fraud risks but no study has actually explored red flags for bribery and corruption (Hackenbrack, 1993; Vicky et al., 1996; Loebbecke, et al., 1989; Weisenborn and Norris,1997; Bell and Carcello, 2000; Glover et al., 2003; Saksena, 2010; Hogan et al., 2008; Webber, et al., 2004; Farber, 2005; Grazioli et al., 2006; Murcia and Borba, 2007; Alleyne et al., 2010). On the other hand, reviewing prior literature revealed some views against the use of red flags in fraud detection. For instance, some argued that red flags are merely indicators of potential fraud but do not automatically mean that fraud is occurring (Parodi, 2005 as cited by Murcia and Borba, 2007), too general and difficult to operationalise in empirical research (Owusu-Anash et al., 2002), not considered effective as it focuses attention on specific cues which in turn inhibit internal and external auditors from identifying other reasons that cause fraud to occur (Bierstaker, et al., 2006), difficult to combine and weight to assess overall fraud risk and formulate an audit plan (Patterson and Noel, 2003 as cited by Hogan et al. 2008), and are very limited in terms of assessing overall risk of financial fraud (Owusu-Anash et al., 2002; Bierstaker, et al., 2006; Hogan et al. 2008; McKee 2010). These mixed results regarding the effectiveness of red flags in detecting fraud lead to an inconclusive evidence in this area and thus it was important for our study to seek the perception of respondents with regards to the effectiveness of red flags for bribery to ensure the reliability of the guide. We found one source that provided examples of red flags for bribery, that's Wells (2005) book "*Principles of Fraud Examination*". Wells' book was based on the analysis of real fraud cases taking place worldwide. Our study thus replicated Wells' work in a different context to explore the relevance and validity of the proposed guide. These red flags for bribery were then compiled in a list of 13 red flags for bribery which formed the basis for our proposed guide as shown in table 1.

Table 1 Red flags for bribery

Red flags	Types of Corruption
The purchase of inferior-quality inventory or merchandise with very near expiration date	Bribery/Kickbacks
The difference in price between the materials that were contracted for and those that were actually delivered	Bribery/Kickbacks
Unusual or unexplained fluctuation in payables, expenses or disbursements	Bribery/Kickbacks
Improper or unauthorized payment for goods or services	Bribery/Kickbacks
Unusually high price contracts for goods or services purchased by the company	Bribery/ Bid-rigging
The existence of very large, unexplained price differences among bidders	Bribery/ Bid-rigging
The prices of the company's suppliers are higher than market rate	Bribery/Kickbacks
A particular contractor repeatedly wins the contract	Bribery/ Bid-rigging
An employee of the company who has close relationships with the supplier	Bribery/Kickbacks
Cases when low-bid awards are frequently followed by change orders or amendments that significantly increase payments to the vendor	Bribery/ Bid-rigging
When qualified bidders fail to submit contract proposals or fewer bidders than expected respond to a request for proposals	Bribery/ Bid-rigging
Budget overruns either because of overcharges or excessive quantities purchased or both	Bribery/Kickbacks
Poor credit ratings and the company's inability to pay its debt in due dates	Bribery/Kickbacks

Source: Wells (2005)

Some studies argued that it is important for external auditors to know the significance of red flags in order not to assume that all indicators are equally important, and thereby overlook the most significant once (Casabon, and Grego, 2003; Wells, 2004; Hoffman and Zimbelman, 2009). Hence, the current study also sought to determine external auditors' perception of the relative significance of the proposed list of red flags for bribery. This led to the following two sub-questions that were necessary to address the first research question: (1a) Are the proposed red flags for bribery effective in assessing bribery risks? (1b) Do all the proposed red flags for bribery have the same significance? No studies were found in prior literature in relation to how external auditors could respond to bribery risks and thus our study explored this area via interviewing external auditors working at audit firms in Egypt. Hence this helped in addressing the 2nd research question "How could external auditors respond to red flags for bribery".

RESEARCH METHODS

Data was collected from external auditors working at audit firms in Egypt. Stratified purposive sampling was used to decide on the study sample. Stratified purposive sampling is a mixed method sampling technique that requires the researcher to first stratifies the potential participants based on certain dimensions using procedures consistent with probabilistic sampling and then purposefully selects a small number of cases from each stratum (Creswell and Clark, 2011). The stratified nature of this sampling technique is similar to probability sampling and the small number of cases it generates is characteristic of purposive sampling (Teddlie and Tashakkori, 2009). Thus, the study sample included external auditors working at different audit firms in Egypt such as the Big4, international audit firms other than the Big 4, national audit firms, and auditors working at the Accountability State Authority (ASA).

To address the first research question, an online questionnaire link was emailed to 100 respondents. "Bristol Online Surveys" was used to design the online questionnaire. All respondents were Linkedin contacts. Linkedin is a professional network. 93 questionnaires were received making a response rate of 93%. The questionnaire included a section about respondents' demographic details includingaudit experience, type of audit office, gender, age, and professional qualifications. A copy of the questionnaire is available in Appendix A. In order to address the second research question, 20 semi-structured interviews were conducted with respondents via Skype. The questionnaire included a question to seek respondents' consent to participate in an interview later for the purpose of the current study. This helped in forming the interview sample. The interview schedule included seven questions - five questions were seeking interviewees' demographic details, one question was aiming to address question 2 (i.e. how could external auditors respond to the heightened red flags of bribery?), and another question asking respondents if they have any other points to add regarding the current research issue. This was to encourage them to discuss issues related to external auditors and corporate corruption that have not been covered by the current study. A copy of the interview schedule is available in Appendix B.

DATA ANALYSIS AND RESEARCH RESULTS

Questionnaire Data

Respondents' demographic details

Data collected via the questionnaire was analysed using SPSS. Results from tables 2, 3, 4, and 5 below showed that the majority of respondents work at international audit firms other than the Big 4 and only two respondents work at Big 4 audit firms. This is because gaining access to auditors working at the Big 4 was quite difficult. The experience of respondents ranged from (0-2) years of audit experience to more than ten years of audit experience with the majority having from (3-5) years of audit experience. This is because the current study included technical questions that required respondents of a minimum of 2 years of audit experience to be able to understand and answer the current research questions. All respondents were males. This might be due to the fact that the majority of females in Egypt are unemployed. This is supported by Krafft and Assaad (2014) who found that 11% of all young women in Egypt are unemployed, 75% of young women are inactive, and almost 90% of uneducated and basic educated young women are out of the labour force. They also found that even women with higher education participate at only moderate rates, as 49% remain out of the labour force and only 32% are actually employed. The majority of respondents (40% of respondents) aged (20-30) years old followed by 31-40 years old.

All respondents had audit qualifications but very few had the Certified Fraud Examiners (CFE) qualification. This indicates that fraud education might not be as common in Egypt as other audit professional qualifications like the ACCA and CPA.

Table 2:Respondents' Years of Audit Experience

Years of audit experience	(0-2) years	(3-5) years	(6-10) years	More than 10 years of experience	**Total**
Respondents	26	31	18	18	93

Table 3: Respondents' Type of Audit Office

Types of audit office	Local	International	Big 4	**Total**
Respondents	16	75	2	93

Table 4: Respondents' age

Age	**20-30 years old**	**31-40 years old**	**41-50 years old**	**Above 50 years old**	**Total**
Respondents	40	15	30	8	93

Table 5: Respondents Audit Professional Qualifications

Professional Qualifications	**ACA**	**CPA**	**CFE**	**IIA**	**Qualification from ESAA**
Respondents	40	80	6	10	30

The Effectiveness of Red Flags for Bribery

Respondents were asked about their perception of the effectiveness of the proposed list of red flags in assessing bribery risks. Table 6 shows that the majority of respondents (63% to 95.7%) agreed that the proposed red flags for bribery would be effective in assessing bribery risks. This supports the current body of knowledge that argued for the effectiveness of red flags in fraud risk assessments (Hackenbrack, 1993; Vicky et al., 1996; Loebbecke, et al., 1989; Weisenborn and Norris, 1997; Bell and Carcello, 2000; Glover et al., 2003; Saksena, 2010; Hogan et al., 2008; Webber, et al., 2004; Farber, 2005; Grazioli et al., 2006; Murcia and Borba, 2007; Alleyne et al., 2010). However our study was the first to explore the effectiveness of red flags for bribery.

Table 6: Effectiveness of Red Flags of Bribery

Red flags	**Yes**		**No**	
	Frequency	**%**	**Frequency**	**%**
The purchase of inferior-quality inventory or merchandise with very near expiration date	82	88.2	11	11.8
The difference in price between the materials that were contracted for and those that were actually delivered	89	95.7	4	4.3
Unusual or unexplained fluctuation in payables, expenses or disbursements	83	89.2	10	10.8
Improper or unauthorized payment for goods or services	80	86	13	14
Unusually high price contracts for goods or services purchased by the company	81	87.1	12	12.9
The existence of very large, unexplained price differences among bidders	77	82.6	16	17.4
The prices of the company's suppliers are higher than market rate	84	90.3	9	9.7
A particular contractor repeatedly wins the contract	88	94.6	5	5.4
An employee of the company who has close relationships with the vendor	84	90.3	9	9.7
Cases when low-bid awards are frequently followed by change orders or amendments that significantly increase payments to the vendor	84	90.3	9	9.7
When qualified bidders fail to submit contract proposals or fewer bidders than expected respond to a request for proposals	71	76.1	22	23.9
Budget overruns either because of overcharges or excessive quantities purchased or both	59	63	34	37
Poor credit ratings and the company's inability to pay its debt in due dates	75	80	18	20

The Significance of Red Flags for Bribery

Respondents were asked to rank the proposed red flags for bribery according to their relative significance using a scale from 1 to 5 where "1" denoted the least significant, and "5" denoted the most significant. The results from table 7 showed that red flags for bribery do not have the same significance. The most significant red flags for bribery appeared to be: "The difference in price between the materials that were contracted for and those that were actually delivered", "a particular contractor repeatedly wins the contract", and "an employee of the company who has close relationships with the supplier". While the least significant red flags include: "When qualified bidders fail to submit contract proposals or fewer bidders than expected respond to a request for proposals", and "budget overruns either because of overcharges or excessive quantities purchased or both". The respondents did not explain why these red flags are the least significant in assessing the risk of bribery. However, these red flags might be less common in the Egyptian context or may be budget overruns is rather more a sign of poor management than corruption.

Table 7: Ranked Red Flags of Bribery according to their Relative Significance

Red flags	Respondents' rankings
The difference in price between the materials that were contracted for and those that were actually delivered	90% ranked this red flag as "5"
A particular contractor repeatedly wins the contract	83" ranked this red flag as "5"
An employee of the company who has close relationships with the supplier	80% ranked this red flag as "5"
Cases when low-bid awards are frequently followed by change orders or amendments that significantly increase payments to the vendor	75% ranked this red flag as "4"
Unusual or unexplained fluctuation in payables, expenses or disbursements	70% ranked this red flag as "4"
The purchase of inferior-quality inventory or merchandise with very near expiration date	55% ranked this red flag as "4"
Unusually high price contracts for goods or services purchased by the company	50% ranked this red flag as "4"
Improper or unauthorized payment for goods or services	50% ranked this red flag as "4"
The existence of very large, unexplained price differences among bidders	35% ranked this red flag as "4"
The prices of the company's suppliers are higher than market rate	30% ranked this red flag as "4"
Poor credit ratings and the company's inability to pay its debt in due dates	28% ranked this red flag as "4"
When qualified bidders fail to submit contract proposals or fewer bidders than expected respond to a request for proposals	35% ranked this red flag as "1"
Budget overruns either because of overcharges or excessive quantities purchased or both	50% ranked this red flag as "1"

INTERVIEWS DATA

Interviewees' Demographic Details

The interviewees were asked about their age, audit experience, job titles, the type of the audit office they work at, and whether they have any professional qualifications. Table 8, 9, 10, 11, and 12 summarised the demographic details of interviewees and showed that interviewees' age ranged from (20-30) to above 50 years old. The audit experience they have ranged from two years to more than ten years while the majority of interviewees had from six to ten years of audit experience. The interviews were conducted with ten audit managers, five audit seniors, and five audit partners. The majority worked for international audit firms other than the Big 4. They all have professional qualifications such as ACA, CPA, CFE, and ESAA, however the majority of interviewees have either CPA or qualification from the Egyptian Society of Accountants and Auditors (ESAA).

Table 8 Interviewees Age

Age	20-30 years old	31-40 years old	41-50 years old	Above 50 years old
Interviewees	5	6	6	3

Table 9 Interviewees Audit Years of Experience

Audit years of experience	0-2	3-5	6-10	More than 10
Interviewees	1	4	10	5

Table 10 Interviewees Job Title

Job title	Audit Partner	Audit manager	Audit Senior
Interviewees	5	10	5

Table 11 Type of Audit Office

Type of audit office	Big 4	International other than Big 4	Local audit firm
Interviewees	2	13	5

Table 12 Interviewees Audit Professional Qualifications

Audit professional qualifications	ACA	CPA	CFE	Qualification from ESAA
Interviewees	8	11	2	13

How Could External Auditors Respond to the Proposed Red Flags for Bribery?

Interviewees were given a list of the 13 proposed red flags for bribery and were asked how they could respond to each. Interviewees' responses showed that "management's inquiry" is the most common audit procedure used to respond to bribery risks. One of the interviewees mentioned that:

"In case of unusually high price contracts for goods or services purchased by the company the auditor should review the contracts and bids for any trends in prices. A comparison with industry norms could be a good indicator. Management should also be advised to monitor price trends".

Another interviewee added that:
"If a particular contractor repeatedly wins the contract, auditors should investigate what actually happens for bidders participating in the various bids. They should also inquire key employees and management about the reason behind this".

The responses of all interviewees were summarised in table 13 "External auditors' guide for detecting bribery".
The interviewees were also asked if they have any other points to add in relation to the role of external auditors in detecting corruption and bribery. Some of them quoted the following:
"External auditors in Egypt will never be successful in detecting fraud in general and corruption in particular with the current weak legal system and lack of an effective and robust audit regulatory body to oversee the audit quality"
"It is very difficult to detect corruption because it is embedded in the culture. Some businesses accept or give bribery and record it as facilitation costs"
"External auditors are not successful in detecting corruption because the audit standards did not require them to detect corruption in the first place"
"Even if I decided to detect corruption, I have no idea how to start doing this given the lack of a practical guide or examples in the audit standards that might help auditors in detecting corruption"

Table 13 External auditors' guide for detecting bribery

Types of Bribery	**Red flags**	**Suggested Audit Procedures**
Kickbacks	The difference in price between the materials that were contracted for and those that were actually delivered	Inquire of management
Bid-rigging	A particular contractor repeatedly wins the contract	Auditors should investigate what actually happens for bidders participating in the various bids. They should also inquire key employees and management about the reason behind this.
Kickbacks and Bid-rigging	An employee of the company who has close relationships with the supplier	The auditor could compare the disclosed names and addresses of employees with the vendors list to reveal if a vendor company is owned or run by an employee of the company
Bid-rigging	Cases when low-bid awards are frequently followed by change orders or amendments that significantly increase payments to the vendor	Inquire of management
Kickbacks	Unusual or unexplained fluctuation in payables, expenses or disbursements	The auditor should inspect supporting documents for such transactions and ensure that management confirms payables balances on an interim basis
Kickbacks	The purchase of inferior-quality inventory or merchandise with very near expiration date	Management inquiry. The auditor should also ask for a technical report showing the reason for buying these goods
Kickbacks	Unusually high price contracts for goods or services purchased by the company	The auditor should review the contracts and bids for any trends in prices. A comparison with industry norms was also suggested. Management should also be advised to monitor price trends
Kickbacks	Improper or unauthorized payment for goods or services	The auditor should review the contracts to highlight any unauthorized or improper authorisation
Bid-rigging	The existence of very large, unexplained price differences among bidders	Management inquiry could highlight the reason behind this unexplained price differences
Kickbacks	The prices of the company's suppliers are higher than market rate	Compare the market rate with the company's pricing policy
Kickbacks	Poor credit ratings and the company's inability to pay its debt in due dates	Management's inquiry and a review of credit policy
Bid-rigging	When qualified bidders fail to submit contract proposals or fewer bidders than expected respond to a request for proposals	Review bidding contracts and inquire management
Kickbacks	Budget overruns either because of overcharges or excessive quantities purchased or both	The auditor should scrutinize large budget overruns and should inquire management about any large differences between actual and budgeted amounts. Actual expenditures should also be compared to prior years

Interviewees' responses indicate that there is a general lack of understanding of the responsibility of external auditors for corporate corruption. The reason for this might pertain to the ambiguity and lack of guidance in the current professional audit standards with regards to external auditors' responsibility for corporate corruption. This was supported by Kassem and Higson (2016) who found the responsibility of external auditors for corporate corruption was not directly and clearly stated in the audit standards but rather implied. The authors stated that the audit standards did not provide guidance to external auditors on how to identify material misstatements caused by corruption nor how to assess and respond to corruption and bribery risks. This issue needs to be taken into consideration by audit regulators.

The outcome of the current study is a guide that might help external auditors assess and respond to bribery risks. The proposed guide includes types of bribery, red flags for bribery ranked according to their relative significance, and audit procedures as a response to the heightened red flags for bribery as shown in table 13.

CONCLUSION & RECOMMENDATIONS

The current study aimed to provide external auditors with a guide that might help them assess and respond to bribery risks. The proposed guide includes types of bribery, red flags for bribery ranked according to their relative significance and audit procedures to respond to the heightened red flags for bribery. The proposed guide was based on findings of prior literature and the perception of external auditors in the Egyptian context. Although the current study was conducted in Egypt, the proposed guide included examples of red flags for bribery that was found in real fraud cases worldwide. This makes the proposed bribery guide applicable globally.

Our results supported the current body of knowledge that argued for the effectiveness of red flags in assessing fraud risks but our study was the first to explore red flags for bribery. Results also revealed that not all of the proposed red flags for bribery have the same significance. This is important for external auditors to know so that they will not overlook the most significant red flags for bribery by assuming they all have the same significance in assessing bribery risks. The most significant red flags for bribery were “the difference in price between the materials that were contracted for and those that were actually delivered”, “a particular contractor repeatedly wins the contract”, and “an employee of the company who has close relationships with the supplier”.

Respondents of the current study argued that corruption in general and bribery in particular is less likely to be detected by external auditors in Egypt. Some of them believed the reason for this pertains to the weak legal system, lack of guidance/tools to help external auditors detect corruption, and lack of understanding of the role of external auditors in relation to corporate corruption. This might also pertain to the current ambiguity in audit standards with regards to external auditor’s responsibility for corporate corruption.

The current study thus recommends that:

- Audit regulators clarify the responsibility of external auditors with regards to corporate corruption and bribery. Audit standards should also provide some guidance for external auditors on how to assess and respond to corruption and bribery risks.
- Audit firms should provide training to external auditors to help them understand their responsibility for corporate corruption and the impact that corruption and bribery could have on the financial statements and the susceptibility of audit firms to reputational risk in case of corruption scandals.
- Policy makers and regulators in Egypt need to set strict penalties for external auditors that do not comply with the requirements of the audit professional standards. There has to be a legal reform in Egypt that would combat corruption and encourage reporting about fraud cases in general.

LIMITATIONS

Like any other study, the current study has limitations. Although the current study was the first to propose a guide for external auditors to assess and respond to bribery risks, the guide was mainly based on insights from the audit profession in Egypt. However the proposed guide included examples of red flags for bribery that was found in real fraud cases worldwide. This makes the proposed bribery guide applicable globally. The guide needs to be empirically tested and replicated in different contexts to evaluate its effectiveness.

FUTURE STUDIES

Replicating the current study in different contexts could be the starting point for future research. The proposed guide needs to be empirically tested so that its effectiveness in detecting bribery could be evaluated. Future studies should explore other types of corruption and may be design other tools or guides that could help external auditors to properly assess and respond to bribery risks. More studies are still needed into the role of external auditors in relation to corporate corruption, the impact of corruption on the financial statements and the external audit profession.

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