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# The Role of the Audit Oversight Board: Watching the 'Watch Dog'

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**Abstract**

The Audit Oversight Board (AOB) is an establishment initiated to improve audit quality. It is a patronage of the Securities Commission. It aimed to provide assurance and strengthen public confidence in the audited financial information. However, in recent years issues have been raised regarding the quality of the audited financial information. Motivated by the argument on the quality of the audited financial information, we explore the role of the Audit Oversight Board, as the auspices of the Securities Commission, to monitor the quality of the audited financial information in the Malaysian context. We adopted a generic inquiry approach to achieve our objective and employed several data gathering techniques such as interviews and documents to explore our concern. Our content analysis indicated that the

AOB's role is twofold: as a mechanism for audit governance and sustainability assurance. Our findings also revealed other important points, including improving the establishment by increasing AOB expertise, increasing its empowerment, and advancing its focus as overseer to integrative reporting. Our study contributed to literature by expanding the understanding of the Audit Oversight Board. As this is a small scale project, we suggest future research should widen the parameters of the sample scope.

**Keywords:** Audit oversight board, audit, qualitative, sustainability assurance, audit governance.

## 1. Introduction

Why were auditors involved? Can we trust the auditors? Who should we trust? These are the many questions raised by the public of late. The public have lost confidence in the auditors' escalates over the years due to the growing linked between corporate fraud and external auditors. Whether auditors are directly involved or discreetly involved is beside the point.

In an attempt to stifle the comments made by the public over the Enron case, an oversight board was established to confer and regain the public confidence in the role of the external auditor as a watch dog for corporate financial information.

## 1.1 Background

Assurance for quality information has recently become uncertain. Controversy over corporate scandals has raised questions concerning the assurance of the audited quality information of external auditors. The lack of independence, particularly Enron, is the focal point of realizing that external auditors need monitoring of their own. Bather and Burnaby (2006), for example, stated that the Enron case is a catalyst for the requirement of the oversight board as an overseer of external auditors. The rationale behind the establishment of oversight boards varies. Some are established to provide reassurance to the public of the external auditors' role in providing assurance for quality information. Others are set up to promote the quality of audited information. In 2002, the Public Companies Accounting Oversight Board (PCOB) was established to reassure the public of the auditors' role. The role of the PCOB is to see that competent auditing is done with integrity and objectivity (Kirk, 2000). It was the first audit oversight board established and was set up in response to the giant corporate scandals of Enron. The rationale behind the establishment of the PCOB is due to the catastrophe caused by the Enron case; hence, the PCOB's central aim is to regain public confidence.

The split over the effect of the PCOB instigated many other countries to follow suit. Concerns over the audit quality information required an oversight board to be established in order to regain the credibility of audited information. In Malaysia, a High Level Task Force was formed to investigate the matter of promoting the growth of the audit profession. The High Level Task Force, which comprised of the Malaysian Institute of Accountants (MIA), the Malaysian Institute of Certified Public Accountants (MICPA), and Bank Negara Malaysia (BNM), finally formulated an oversight board to serve this purpose. The Securities Commission (SC), as auspices of the establishment, took the mandate to establish an audit oversight board, known as the Audit Oversight Board (AOB). Hence, it was established under the SC, initiated to promote and develop an effective audit oversight framework and to promote confidence in the quality and reliability of audited financial reporting in Malaysia. However, there is much confusion and unclear information concerning the rationale and role of the AOB. Common queries related to the AOB include the following: Are we mimicking PCAOB? Why is the AOB necessary to promote the growth of the audit profession? These questions motivated us to explore the factual reasons of why the AOB was established and the

role it plays. The need to understand the role is crucial considering the relevancy of the role to the growth of the audit profession, as indicated by the SC in their aim of establishing improvement in the audited quality of information in the Malaysian context.

## 2. Prior Studies

Accounting for irregularities over the last two decades demonstrated one important element: the lack of credibility of auditors. Satyam, Enron, and Madoff were some of the accounting irregularities that projected an unpleasant image of the auditors. Auditors were often blamed for their failed duties as watch dogs. Their lack of independence was claimed as the cause of the loss of public confidence in the quality of audited reporting (Barther and Burnaby, 2006). In response to this, the PCOB was established in the United States (US). Created by the Sarbanes Oxley Act (2002), the PCOB's existence is to mitigate the catastrophic audit (McDonnell, 2004). The main role of the PCOB is that of an oversight body of the audit profession which exists to guide and ensure that competent auditing (with objectiveness and integrity) is performed in order to regain public confidence. It is an independent body initiated to support the regulators in enhancing the quality of audited financial reporting. Furthermore, it is mandated by the regulators to provide public confidence in financial reporting (Kirk, 2000).

In line with the global trend to provide assurance and public confidence in financial reporting, the AOB Malaysia was established under Part IIIA of the Securities Commission Act (1993), incorporated into the Securities Commission Act (1993) by virtue of the Securities Commission (2010) (see:http://www.sc.com.my/background-information-on-the-establishment-of-the-audit-oversight-board-and-its-functions/).The AOB was established to enhance confidence in and reliability of the audited financial statement in Malaysia. The AOB established a mechanism that works towards being an oversight independent system where there is an oversight audit quality control of auditors. Specifically, its function includes the following: promoting and developing an effective and robust audit oversight framework in Malaysia, promoting confidence in the quality and reliability of audited financial statements in Malaysia, and regulating auditors of public interest entities. The AOB was established mainly to assist the SC in its audit oversight function, which specifically focused on implementing policies and programmers to ensure an effective audit oversight system in Malaysia, registering auditors of public interest entities, directing the Malaysian Institute of Accountant (MIA) to establish and/or adopt the auditing and ethical standards to be applied by auditors, conducting inspections and monitoring auditors' programmes to assess the degree of compliance of auditing and ethical standards, and conducting enquiries and imposing appropriate sanctions against auditors who fail to comply with auditing and ethical standards(http://www.sc.com.my/background-information-on-the-establishment-of-the-audit-oversight-board-and-its-functions/). However, little research has been conducted on the role of the AOB from the perspective of the social context, although there are several studies conducted which link the PCOB report to audit quality such as Barther and Burnaby (2006), as well as descriptive analyses of inspection reports on audit firms.

## 3. Methodology

Given the dearth of studies exploring the role of the AOB, we purpose to investigate this area from the perspective of social context, i.e. perceptions of auditors. Due to the exploratory nature of the enquiry, we decided to employ generic inquiry method. Generic inquiry method, as described by Merriam (1998: 11) as cited in Caelli, Ray, and Mills (2003), is a study that "seek to discover and understand a phenomenon, a process, or the perspectives and worldviews of the people involved". Based on our research question, we seek to understand the worldviews of the people involved, i.e. the auditors. With this objective, we selected two prominent individuals who are the external auditors. We selected our respondents based on

the purposive sampling method. Purposive sampling, as suggested by Callie, Ray, and Mills (2003), is more common in qualitative research.

Due to the study's interpretivist nature of inquiry, we conducted interviews with our respondents. The interviews were conducted with three prominent figures in the accounting field in Malaysia: the AOB chairman, the MICPA, and one of the audit firm's Senior Partners/founders. Interviews were conducted mostly at the premise of the respondents. Face to face interviews of approximately sixty to ninety minutes were conducted with each of the respondents. The interview questions were unstructured; however, we opened the interview session with the main research question, i.e. what is the role of the AOB? We used the probing technique to gain insightful information about the role of the AOB from the respondents. We purposely adopted unstructured interview questions based on several reasons: to allow respondents freedom to converse about the role of the AOB based on their experience, and to gain deeper meaning of understanding concerning the role of the AOB from the perspective of the respondents.

The interviews were tape recorded, with permission obtained from all of the respondents. Subsequently, the data were transcribed verbatim. Apart from interviews, we also observed documents such as the public circulate document related to the AOB and PCOB to triangulate the interview data gathered from the respondents.

## 3.1 Analysis

Unlike quantitative analysis, there are no standard rules or procedures for analysing qualitative data (Ritchie, Spencer, and O'Conner, 2003). However, the philosophical assumptions of our study require an analytical process, thus we employed a qualitative data analysis technique. As explained by Ritchie, Spencer, and O'Conner (2003), the approaches to qualitative analysis usually determine issues such as 1) the status of the data, 2) the primary focus of analysis, 3) the way data are reduced, 4) kinds of concepts generated, 5) the way concepts are applied to the data, 6) the extent to which data are retained in context, 7) the way analysed data are accessed and displayed, and 8) the status of categories and logic of explanation and the place of the researcher in the analytical account. We adopted the data analysis process as suggested by Ritchie, Spencer, and O'Conner (2003), which is explained as follows: first, with regard to status of the data, we analysed two sources of data gathered, which are transcriptions from the interviews and documents related to AOB that we gathered from the using public access information from the Securities Commission website. Second, we focused on our research question (role of the AOB). Third, we reduced our data (from the transcriptions and secondary data sources and information gathered from the website of the SC to many codes). Table 1 illustrates our process of data analysis from step 3 to step 8.

**Table 1:** Process of Data Analysis from Step 3 to Step 8

| **Sources: interview (step 3)** | **Concept generated (step 4)** | **Concepts relate to data (step 5)** | **Data retained (step 6)** | **Data are accessed and displayed (step 7)** | **Logic of explanation (step 8)** |
|---|---|---|---|---|---|
| '*…it is always good to have outsider looking at us and telling us* …'(respondent no. 2).<br>'*…to make sure that* | code<br>Positive attitude towards the AOB - observer | Outsiders' perception of the AOB's role as overseer. | Assurance of quality audit | Principle role of the AOB | The AOB's existence as audit governance to support the SC mission |

| | | | | | |
|---|---|---|---|---|---|
| *the auditor when they do the audit they make a good audit …' (respondent no. 3).* | Code<br>Check and balance | | | | towards good governance |

***Source:*** Excerpt from respondent no. 1

## 4. Result

Based on the content analysis technique used, several themes emerged to delineate the role of the AOB. The themes emerged were based on the respondents' responses (i.e. raw data gathered from the interviews with the respondents), which were coded using the technique directed by Ritchie, Spencer, and O'Conner (2003) with regard to analysing qualitative data. Based on the many codes described, we themed similar codes into several patterns of themes, which were formed into meaningful explanations in answering the research question. After making sense of the themes, we discovered that a pattern of thought emerged. The pattern of thought represents the mind, voices, and believes of the respondents. We narrated our findings based on our unstructured conversation held with the respondents, with the following plot of discussion; the AOB's existence, the AOB's role and its imperative presence.

## 4.1 AOB Existence

When asked about the AOB establishment, all three of the respondents emphasized their positive support. Specifically, the data indicated that the existence of the AOB provides credentials to the audit profession. Evidence of the positive support given to the AOB is outlined as follows. For example, an external auditor (respondent no. 1) stated, '*I cannot say they are to supervise but I think they are to monitor the professional working of a public accountants that are involved in the auditing of public Listed Companies. I think it is a good move on the part of the authority team body to bring about such a monitoring activity so as to be able to use it as a tool to increase the credibility of audit opinion, financial opinion and there are also financial reports of Public Listed Companies with basically review their business performance…*'. Another respondent commented, '*…AOB is supposed to police auditor doing their audit for public listed companies in accordance with international convention standards…*' (Respondent no. 2, from a professional accounting body, also a practitioner).

However, several limitations of the AOB that could hamper the audit profession were noted by respondents. First, the expectation of the AOB's level of experience to act as regulator could contribute to hindering the profession. As respondent no. 1 remarked, '… *the negative side of that I think is that for you to be able to supervise and regulate you need to be well equipped yourself not just because the act but also with knowledge and experience and I think the issues you have to look at very carefully… I think the exposure and experience is very important…*'. Second, the effectiveness of implementations in terms of the corrective measures to the control system deficiencies was highlighted by respondents. As reported by respondent no. 1, '… *should anything go wrong for example, the information is still not accurate, companies fall apart, investors lose money, that kind of things, what is the remedy? Can you sue the auditors? The auditors just follow what you want them to do, again the independence of auditors are being hampered… situation like this...there is no perfect way of handling a situation like this…I came with an opinion but I follow everything that you have ask me to do, you leave it to the independence of the auditor and opinions are basically not mathematical, 1+1 = 2, it is not objective. Opinion can be quite subjective…*'. Third, a limitation in the performing integrity towards non-financial responsibility was accounted. Respondent no. 1 provided three non-financial considerations: judgment ability in terms of

professional ability; personality involvement in companies, i.e. Government Linked Companies (GLC); and Malaysian investors' evaluation of business is not on financial matters alone. As respondent no. 1 voiced, '*…integrity is not on the auditors alone, it is on the business player himself…*'. The respondent emphasized that auditors are responsible for financial opinion; hence, they are not to be blamed for technical opinion. In line with the respondent's view, company's flaws integrate all aspects of business (financial, engineering, etc.); therefore, auditors should not be penalized for a corporation blunder. As he stated, '*…credibility of companies goes beyond just financial reporting…*'.The fourth issue is integrative reporting. Although the respondent supported the establishment of the AOB, the respondents opined that it is imperative for the AOB to advance its focus to the application of integrative reporting. The respondents highlighted that the new age of business environment requires evaluation of financial and non-financial aspects of business assessment. In order to be proactive in enhancing the quality of audited reporting, the AOB should address both aspects and deliver dynamic and analytical investment evaluations to the user. Concerning the integrative approach of reporting, respondent no. 1 believed that the '*…AOB should make an effort to move away from financial reporting to sustainability reporting, in other words you need to combine financial info with non-financial info…*'.

Respondent no. 1 emphasized that AOB should not centre its monitoring on financial centred auditing. He continued to stress the lack of non-financial observation and proposed a move towards the sustainability aspect of observation and monitoring in order to achieve a higher level of control system auditing: '*…risk based look at financial angle because the structure of our audit report today is strictly a financial report. Going concern is not just on financial. Nowadays, it is not onlygoing concern, it is sustainability, so therefore, I think AOB should try to move to angles other than financial angles …the non- financial angle, number 1, is the financial management system, control structure, governance [how you put governance in place, looking more on the type of product and services that you offering in the market which is not seen in thefinancial reporting. It is very important today to look at how to deploy some of your resources…go for sustainability assurance ….no longer about audit people…*'.

## 4.2 AOB Role

The data delineated several AOB roles from the point of view of our respondents. Ultimately, our respondent voiced that'*…it is always good to have an outsider looking at us and telling us…*'(respondent no. 2). An AOB representative confirmed the previous statement: '*…our role is to make sure that the auditor when they do the audit they make a good audit…*' (respondent no. 3).Based on our observation and contact with the respondents, the outsider looking at us is associated with the role of an overseer. Hence, we interpreted respondents' replies to denote that the AOB is an overseer, first and foremost. Further probing our enquiry revealed that our respondents indicated that the AOB has a principle role and an ancillary role.

### 4.2.1 Principle Role: Monitoring Activities

The respondents indicated that the AOB was established, in simple terms, to assume responsibility for overseeing the auditor. Our respondents perceived that the AOB is an establishment set up to monitor the external auditor's role. The following is an excerpt from one of our respondents: '*…to make sure the auditor when they do their audit, they make a good audit, if the financial statement is lousy, they can have disclaimer of information so in terms of earning it is not good but I do a good audit. It is set up mainly as a monitoring body to observe external auditor looking into the financial statement quality information…*' (respondent no. 3, who is an AOB representative). The external auditor's role is to express opinion on management stewardship related to the financial information provided by corporations. Our respondents believed that as a monitoring agent, the AOB works as a

verifier and evaluator of the competency of the auditors. The AOB provide branding to the credibility of financial recognition. Auditors, interpreted form the word of respondents, are referred to as an advocate for corporations. As stated by respondent no. 1, '*…AOB is quite [thorough]…. not only that we have to register as public accounting auditors, we are also subject to renewal and our license can always be withdrawn anytime so the aspect is quite serious in ensuring credibility*…'. Auditors endorse companies financial quality information with regard to compliance to the accounting principles and procedures, disclosure of the financial information, the treatment of transactions, and also the international standards that corporations must adhere to in order to ensure comparability and consistency of standards. As mentioned by respondent no. 1, '*…the role of the auditors is to ensure that the financial statement information that has been disclosed to the public, to the authorities, to the stakeholders is reliable and credible and there is certain a procedure that auditors supposed to follow. AOB is basically set up to ensure the auditors have exercised all the standards and procedure of the auditing that has already been approved by the professional institute of accountants…*'.

In a way, the auditors endorse the good governance practices of corporations that were translated and quantify into financial terms and meaning for users. Such endorsement, according to the respondents, needs verification. The AOB support the endorsement of the audit opinion given by the auditors to companies by doing its monitoring task on the audit activities completed by the auditor. Such endorsement, supported the companies' good governance with regard to the quality of the financial information ….

## 4.2.2 Principle Role: Competency

With regard to monitoring activities, the AOB has taken its lead to observe two key elements of the registered auditors: technical competency and professional competency. Technical competency is related to the technical ability of the auditors in producing their opinions. As mentioned by respondent no. 1 '*…role of auditors to ensure that the financial statement information that been disclosed to the public, to the authorities to the state holders basically are reliable and credible and there are certain procedure that auditors supposed to follow…*'.A similar view was given by respondent no. 2, who stated that AOB is mandated to oversee auditors carry their duties (check and balance) of companies financial informations, in accordance with the accounting rules and regulations. We term this condition as 'watching the watch dog'.

Concerning the professional competency, we found that the respondents associated professional competency with the qualified capability of the auditors as professional auditors. In the respondents' terms, professional competency means maintaining independence. According to the respondent no.1, '*…independent in making your assessment and giving your opinion ... they do not want you to be too familiar with your client. If a partner has been there too long making friends, you no longer independent so they prefer you to rotate… a professional person determines that you are independent*…'

## 4.3 Ancillary Role

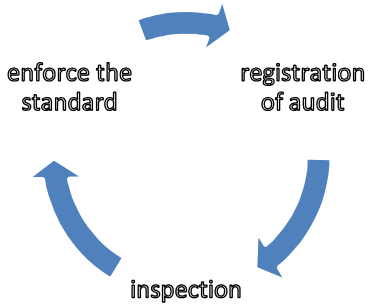
There are several ancillary roles played by the AOB in its support of the SC. These roles include empowerment, quality control, and custodian.

## 4.3.1 Empowerment Role in the Audit Profession

The data indicate that empowerment is another role mandated to the AOB in working towards its role as a regulator. Regulating the auditing profession in terms of continuous supervision (registration, withdrawal and inspection, conduct investigation, and disciplinary) is the

empowerment role authorized to the AOB. Respondent no. 1 asserted the AOB has the rights to register and renew registered auditors in Malaysia. Respondent no.2 on the other hand, asserted that AOB has the right to gain and improve the quality of auditors work. Figure 1 illustrates the ecosystem of enforcement of the AOB.

**Figure 1:** AOB Ecosystem




Based on our document analysis, we found that the empowerment role of the AOB is subject to the consent given by the SC. The provision illustrated in Part IIIA of the Securities Commission Act 1993 ("SCA") provided a clause which mandated the AOB to be a registered audit firm and subjected auditors to inspection by the AOB to assess their degree of compliance with the auditing and ethical standards and the quality of the audit report prepared relating to the financial statement of Pubic Interest Entities (PIE). Also, the AOB is the role of oversight function to conduct an enquiry if there is reason to believe that any auditors have contravened any provisions of Part III(A) of the SCA.

## 4.3.2 Quality Control System

A document analysis indicates that apart from monitoring activities, the AOB is an establishment created to improve the audit profession in Malaysia. In doing so, the AOB is given the mandate to improve and promote audited related activities. By assessing the quality of the audit work form the registered auditors, the process of corrective measures provided to the auditors indicates the improvement and promotion of the auditing profession's quality control system. We confirmed this information with respondent no. 3, who is the representative from AOB, '…we *do inspection and we came out with an inspection report, we look at the risk management then we chose firm engagement and we come out with an inspection report, they [the audit firm] have to plan how they will want to improve not just particular engagement but across the board, If they ignore, then we publish aninspection report, if they fail we will enforce. So that is how it works*'.

One of the other initiatives of the quality control system is through the implementation of policies and programmes. As pointed by respondent no. 3, '*…what we do is we enforce the standard. This is where we collaborate with other people…*'. The document analysis supports the argument made by this respondent, indicating that the AOB is working closely with the Malaysia Institute of Accountant (MIA) in promoting quality auditing. Several moves in the collaboration with MIA include establishing or adopting the auditing and ethical standards to be applied by the registered auditors, conducting inspections and monitoring programmes of registered auditors to assess the degree of compliance with auditing and ethical standards, and conducting enquiries and imposing appropriate sanctions against registered auditors who fail to comply with auditing and ethical standards. The aim of the AOB, as confirmed by respondent no. 3, is '*…fostering high quality to promote confidence*', thus providing high quality in the audit profession is crucial.

## 4.4 AOB: A Wishful Existence?

When asked whether the AOB is a wishful existence, the respondents agreed that it is sort of a mimic action on our side, although they also confessed that the existence provides a positive expectation and outlook for the audit profession. Respondent no. 1 believed that the AOB is '…*A bit following the US ...*'. In contrast, respondent no. 2 said that '*...we need to boost the confidence for people to come in and it helps...*'. Respondent no. 2 emphasized that the concept of peer review for bigger firms is important to boost people's confidence.

## 4.5 Can the AOB Provide Stability in Assuring Earnings Quality?

It is not a ceteris paribus concept; business is dynamic, and thus there are other influencing factors involved. Generally, business perfection depends upon the wholesomeness of the business ecosystem in which auditing governance is only a segment. In the respondent's view, a wholesome business system includes other considerations. The three considerations voiced by our respondents are corporate governance factors, regulations that caused creativity deviation, and investors' analytical evaluation of investment.

## 5.0 Findings

The aim of our research is to explore the role of the AOB in the Malaysian context. We used an inductive mode to explore our enquiry due to the focus of our study on the social phenomenon, focusing on social reality context, i.e. the AOB as an establishment in the ecosystem of governance. In our inductive mode of research, we found several interesting findings related to the role of the AOB.

Based on our content analysis, the data revealed patterns in the AOB's role. We found that the AOB has a principle and an ancillary role. The principle role is to achieve its mission as an aid of the SC. The AOB's mission is to oversee the auditors of public interest entities and to protect the interest of investors by promoting confidence in the quality and reliability of audited financial statements. It is imperative to the governance ecosystem, which has been injured by the many international and local corporate mishaps, to provide assurance and gain the confidence of investors. To regain the assurance and confidence of investors, the SC enhanced its corporate governance establishment by introducing its patronage, i.e. the AOB. Working within the context of the audit field, the AOB was designed to support wholesome corporate governance in the respect of information audited quality. As users, investors in particular rely on the validity and reliability of quality information for their investment purposes. Financial information is part of investors' investment tools, hence, it is imperative for authorities such as the SC to improve and promote quality financial reporting. Quality financial information, according to our findings, was deemed a reliable measurement for corporate governance quality. The content analysis revealed that the SC, being the agent for the government, should address and emphasize improving its corporate governance measures. The content analysis (based on the documents and interviews analysis) indicated that the principle role of the AOB supported the manifesto of the SC with regard to corporate governance initiatives towards achieving higher standards of corporate governance. As auspices of the SC, the AOB was established to compliment good governance framework in the Malaysian context. Our findings indicate a pattern of institutional theory justification through a theoretical lens. The existence of the AOB came from the institutional pressure. We found external pressure and internal pressure lead towards the establishment of AOB. Analysis of the data signified global and national pressure (i.e. external pressure) as the two main pressures that pushed the Malaysian government to establish the AOB. The theoretical lens of institutional theory supports such a scenario in which pressure influenced the adoption of certain regulations. Institutional theory explained the effect of pressure on certain decisions. As mentioned by Carpenter and Feroz (2001), 'the new institutional theory is

based on the premise that organizations respond to pressure from the institution environment to adopt structures and/or procedures that are socially accepted as being appropriate organization choice, p.571). Our analysis indicated AOB as an institution responded to the model delineated by the PCOB in response to the pressure of audit assurance demand from the society. Such reaction demarcated the concept of mimetic isomorphism, where 'organizations tend to model themselves after similar organizations in their field that they perceived to be legitimate or successful (DiMaggio and Powell, 1983: 152) as cited in Carpenter and Feroz (2001:571).

## 5.1 Establishment of Audit Governance

As mentioned above, the data indicated a trend of corporate governance enhancement as the utmost objective. The AOB, as partially involved with the SC, stands to forward the SC's mission and vision regarding audit governance. The AOB is initiated as an establishment that fulfils the manifesto of the SC in achieving a higher standard of corporate governance. In relation to this, the AOB serves as an advocate for financial recognition to the auditors in respect of quality audited information.

## 5.2 Ancillary Role of the AOB: Sustainability Assurance

Apart from its principle role, we observed that the AOB is an agent, a verified image of sustainability assurance to the external auditor's role. It promotes the assurance of the external auditor's role towards the corporation's financial quality information. Reliance on the financial information is crucial. As watch dog, external auditors' responsibilities and role have recently been questioned therefore it is essential that the reputation and dubious role of the external auditor is reaffirmed. Hence, the AOB is perceived as an agent that provides this assurance to investors concerning the quality of financial information. As a watcher to the watch dog, the AOB ensures confidence in the audit work and justifies that opinions of corporations. Endorsement of the AOB on the externally audited financial quality information given by the external auditors through its monitoring activities is a form of assurance to the investors and public concerning the quality of audit work and reliance on the information provided for evaluation by the users. The image of the AOB as an agent of the external auditors somewhat verifies the technical ability and capability of the external auditors, and hence supports the professional evaluation of the external auditors as a whole. As watch dog and corporate advocate, the AOB validates the professional competency of the external auditors by supervising and monitoring activities. Above all, the empowerment role in the audit profession certifies the AOB as a regulator in the auditing profession. The registration, inspection, investigation, and disciplinary action roles played by the AOB highlight the confidence in external auditors as intermediaries of corporate entities; hence, the AOB supports the sustainability assurance of corporations' audited quality information. The quality control activities, i.e. promoting improvement in the audit tasks in a way that fosters a high quality of audit work, is a promotion package mandated to the AOB to support the sustainability assurance of investors and the public towards financial recognition.

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