International Journal of Accounting, Banking and Management
Vol. 1, No. 2, July 2013, PP: 20 - 33
Available online at www.ijabm.com

Research article

The Relationship between the Auditor and the Client and Its Impact on Audit Quality in Iran

HAMID BIRJANDI (Corresponding author)

Department of accounting, Fasa Branch, Islamic Azad University, Fasa, Iran

Email: H.birjandi63@gmail.com

Tel:+989179308625

MASOUD BIRJANDI

Department of commercial management, khonj Branch, Islamic Azad University, khonj , Iran

Email: Masoud.birjandi2010@gmail.com

RAMIN MIHANDOOST

Department of commercial management, khonj Branch, Islamic Azad University, khonj , Iran

Email: Ramin_md44@yahoo.com

Majid Sedaghat

Department of accounting, Science and Research Branch, Islamic Azad University, Yasooj , Iran

Email:Majid.Sedaghat62@gmail.com

Abstract

This study examined the relationship between auditor - client and the impact it has on audit quality. Based on three variables, audit fees, accounting standards and principles and academic education were considered in order to explore this relationship and its impact on audit quality. Survey type is the method that is used in this descriptive research. And between auditors and clients in the study sample of listed companies in Tehran Stock Exchange for selection.The sample consisted of 100 questionnaires were distributed with a five-point Likert scale were extracted between auditors and clients in 2013.The nonparametric test was used to confirm or refute hypotheses and to test the first two hypotheses test (T) and an example for the third hypothesis of the nonparametric binomial test. Research suggests that the quality of audit fees special education and academic auditors and audit does not impact on the level of customer satisfaction and the standards and guidelines specific to certain accounting and client satisfaction, quality and impact.

Key words: quality audit, audit fees, academic education, principles of accounting standards.

1.Introduction

In today's modern economy, the audit process has been regarded as crucial for political stability and investment standards. However, in developing countries like Iran importance of audit activities has changed to address challenges related to the economic environment. Malaysia is currently the only Asian country that requires all companies, including small and large annual accounts are audited and estimated. However, the law requires that in companies such as publicly traded companies are required to have an audit of their financial bill.However, the auditor and the client's sincerity and confidence lent important factors in a relationship it stands to benefit both sides. The auditing firm; performed well act, increasing the company's reputation and the customer will be satisfied. For this purpose, it is essential that the customer provides all the information needed for the audit process; Transparency and credibility of information such as the customer's decision to change the company's auditor is required to give notice of the change. The relationship between customer and company audits, order, globalization, rapid advances in technology and ease of connection to the world brings; companies to realize the new challenges facing the financial complexity that they need to have knowledge to understand related problems in business environment and changes.

On the other hand, recent developments have led to the spread of high-speed services. The West is more than a service economy has experienced for decades. In industrialized countries, the value created in the service sector from 53% of GDP at current prices in 1960 rose more than 72 percent in 2007. The figure has increased of 47 percent to 74 percent in Europe and America from 57 percent to 75 percent and this trend continues (*Batson* 1997).

One of the services sector, is the service sector of audit institutions that among the variety of services has a specific position., First, a large segment of the population is associated with the important task of protecting the health and mission critical Economic and is responsible to conduce the economic development of a society, Unfortunately, despite the great importance that these methods have been presented in a way that is served by this segment In many cases, individuals will lead to Discontent. Because of its solemn duty to compensate the loss of non-audit services, even a small mistake pursuit leads to acceptance. In this regard, the relationship between the auditor and the client and the principles of quality of these parts can be Processes to improve service delivery and customer satisfaction is provided as a critical element in today's competitive within the agreement. Thus, a variety of international accounting and auditing firms that are engaged in activities, analyze and evaluate the influence of the New World. This attitude, especially expanded trusting exchange of audit institutions, given their role in Making the right decision makers beneficial transactions and transfer of wealth in a society. Thus In order to survive they need to attempts to. improve their service quality and improve customer relations Audit .

Therefore, in this study we try to examine the relationship between audit clients by During the audit process, and their perceptions of the problems and trends of customers (employers) to serve as He expected the service to be paid to assessing the quality of services provided to customers. Therefore, in this study This review will examine the extent to which the organization has met customer expectations.

2.A review of the research literature

2-1.Audit Quality

In the Literature on Auditing, is presented different definitions of audit quality audit. Some professional audit quality as the contrary, have been defined many scholars of accounting, auditing compliance with accounting standards (Arrunada ,2000). Conversely, many researchers in various aspects of accounting and their implications for audit quality. These dimensions often leads to very different definitions. The following are discussed examples of The most common definition of quality auditing, accounting researchers.

One of the most common definitions about audit quality, which is defined by (DeAngelo, 1981) provide d's. He is defined audit quality as: (implied market valuation) of the likelihood of the Auditors First Forms of material misstatement of the financial and accounting skills to discover the work, and secondly, to report the discovery of a material misstatement.DeAngelo (1981) defines audit quality as the market-assessed joint probability that a given auditor will both detect material misstatements in the client's financial statements and report the material misstatements. Therefore, according to DeAngelo's (1981) definition, audit quality is a function of the auditor's ability to detect material misstatements (technical capabilities) and reporting the errors (auditor independence).

Palmrose (1988) defines audit quality in terms of level of assurance. Since the purpose of an audit is to provide assurance on financial statements, audit quality is the probability that financial statements contain no material misstatements. In fact, this definition uses the results of the audit, that is, reliability of audited inancial statements to reflect audit quality. Palmrose's definition presents actual audit quality. Since actual audit quality is unobservable before and when an audit is performed, a valid proxy is needed when investigating the relationships between actual audit quality and other factors. Based on the guidelines stated in ISQC 1, compliance with the standard is perceived as high audit quality. Different studies have been done on audit quality that they can be divided into seven different groups. These groups of studies will be discussed in the following sections**.**

Palmrose (1998) defines audit quality in terms of accredited auditors.
The aim of s auditors, the financial statements, thus ensuring quality, accountability means being free from material misstatement of the audited financial trumpet skills. In fact, this definition emphasizes the results of the audit, it means the audited financial skills forms reliability, show high quality auditor does. This definition leads to the following question: "How do users rate the reliability of audited financial skills assessment forms?" This audit is based on the quality of audits performed because of the financial statements audit can not be determined before the audit. Consequently, authentic quality audit focuses on defining Palmrose (Schauer, 2000).

Titamn.and Trueman (1986) have been defined Quality audit after audit the accuracy of the information that is available to investors,. Palmrose definition similar to the definition of audit quality. Davidson & Neu (1993) defines audit quality at the auditor's ability to detect and report the discovery of a material misstatement or manipulation done on the net know. However, Lam & Chang (1994) believe that the quality of audit services to be examined rather than to examine all, must be determined for each audit project singly.

Many other studies (Chung and Kallapur **,**2003), (Frankel et al., 2002), reporting bias can be used to infer and deduce the quality audit is used, and (Chen et al, 2012) the qualitative criteria revenues obligation are used as a representative quality audits to. Like the main parameters affecting the quality of the audit, they are both precautionary measure commitment. To complement these measures, (Chen et al, 2012) were used to guarantee the quality of the other two criteria.

On the other hand, the factors affecting the quality of audit services from the auditor's perspective, the general factors that affect the auditor's ability to detect a material misstatement in the financial or economic incentive to report a material misstatement of the discovery.
Some of this researchs are tested the quality of the auditor decision and its impact on the effectiveness and efficiency of audit . Many of these studies did not test the quality of audit services directly, but the factors that have led to improvements in the quality of the auditor and audit service quality is the result. These factors mainly are include the experiences of auditors, audit supervision, specialization and fees. For example, Libby & Frederick (1986) found that the amount is more experienced auditors, and their understanding of existing distortions increases in the financial statements. Hence, the auditor concludes that increasing the quality of auditing experience can be improved.

King, R. R & R. Schwartz (1999) are analyzed the extent of Supervision of the audit as a quality indicator when Auditors under different legal regimes work. Their results demonstrated that the administration predicted the function of punitive legal actions against auditors. Benito Arrunada (2000) found that auditors audit with particular expertise in a specific industry, the two main reasons are the higher audit quality. First, more familiar with the issues and problems in the implementation of continuous auditing, accounting and auditing industries the incentive to earn and maintain a reputation audit specific group of industries.

Willenberg (1999) examined the relationship between audit quality and auditor's preliminary recommendations on remuneration and concludes that the quality of audit services is affected by the auditor's acceptance of the proposed fee.karim(2010) The pricing of audit services and the audit is conducted in Bangladesh. The results based on firm size, audit risk and audit pricing of audit services are effective.*Alali*(2012) the relationship was reviewed between audit fees and non-discretionary accruals for 8187 companies between 2000 and 2006. The results showed that the non-discretionary accruals and audit fees, there is a significant positive relationship. The audit fees are negatively associated with firm profitability.

2-2.Auditor-client Relationship and Auditor Rotation

In early years the quality may be impaired in auditor-client relationship. Carcello and Nagy (2004) found that generally there is no evidence which proves that if auditor tenure is long, audit quality is impaired. There are certain reasons to why audit quality is supposed to be lower in the early year. One reason could be that in early years, the auditor is new to the client and doesn't possess much knowledge about the client's business, operations, controls, accounting policies and systems. Another reason could be that the new auditor is unaware of the industry error patterns. A relationship between both financial statement error patterns and fraudulent financial reporting, and, industry group has been revealed by previous studies. Fraudulent financial reporting prevails more to an extent where you have a fresh auditor having less knowledge about the client's industry. Summarizing, in early years of auditor client relationship, those individuals and groups who are against audit firm rotation would find that the fraudulent financial reporting is highest but when the auditor tenure is longer, it is lowest Carcello & Nagy(2004,). According to Geiger and Raghunandan (2002), auditors prior to a bankruptcy filing in early years of auditor-client relationship are more likely to issue a clean audit report. In the study conducted by Lee, Mande and Son (2009) it has been concluded that as the auditor tenure increases the audit delays decrease due to the increased efficiency of the auditor over the time, and thus oppose the views regarding mandatory auditor rotation with the opinion that it would imply additional costs on the markets as the announcement of the audited earnings would be delayed.
Myers, Rigsby & Boone (2007) findings have associated long audit-tenures with higher earnings quality. They used absolute abnormal accruals and absolute current accruals to proxy for earnings quality. They propose that given the longer auditor tenure the audit quality tends to be higher. Another finding from Davis, Soo & Tromperter (2000)

indicates that discretionary accruals increase with auditor tenure. They have also found that as the auditor tenure increases the management gains additional reporting flexibility. Casterella (2002) found that audit failures are more likely when auditor tenure is long and less likely when auditor tenure is short. She argues that audit quality is lower given longer auditor tenure. Fraud, auditor reporting and litigation against the auditor are combined prior to bankruptcy because the relation between tenure and SEC enforcement actions is not analyzed separately.
Auditor rotation and auditor retention has been discussed by the concerned bodies over the last 25 years from time to time in order to enhance the audit quality and auditor independence. Auditor rotation of mandatory nature requires that the client firm does not retain an auditor for more than specified period of time. This concept is supported by the idea that auditor rotation would not allow the auditors to have incentives in terms of seeking future economic growth from its clients and in a way would reduce the likeliness of biasing the reports in favor of the client's management. On the other hand, auditor retention relates to the concept of retaining an auditor for a specified period of time. This concept is supported by the idea that as the auditors would not face any risks of dismissal within the specified time period of retention therefore they can operate more independently of the management (Comunale & Sexton, 2005). In general the accounting firms due to reasons provided below in the bullet form oppose mandatory auditor rotation and retention:

- cost-benefit analysis suggests that the costs exceeds benefits;
- diminution in the audit-quality due to loss of audit-knowledge and experience over a client;
- auditor rotation cannot completely eliminate the risks of financial frauds;
- safeguards like engagement partners rotation, peer reviews and second partner reviews are already in the system;
- changes in the composition of audit teams and clients' management takes place normally (Comunale & Sexton, 2005).

The scandals of Enron, WorldCom and Parmalat have ignited debates over the merits and demerits of many practices related to auditing, such as auditor rotation. One of the most promoted benefits of auditor rotation is its usefulness towards the restoring of investors' confidence on the financial accounting system. The stakeholders lost their faith over both the corporate governance in general and financial reporting in particular after the big scandals over the last decade, which needs to be overcome in order to make them comfortable over their long-term investment. Along with stakeholders' faith and confidence, the other benefits which are linked to auditor rotation are that it would develop an effective peer-review system that would discourage aggressive accounting practices by encouraging critical reviews upon each auditor turnover; conflicts of interest which would arise during the long-tenure auditor-client relationship could be prevented; and a more competitive market would be promoted for the audit firms leading to the audits of higher quality. Auditor rotation would also pressurize the audit firms in a way to separate their non-audit services from their core audit-services (Healey & Kim, 2003). Start-up costs associated with auditor rotation has been one of the major detractors. Both monetary and non-monetary start-up costs are frequently discussed by the auditors, clients and the stakeholders associated with the audit firm turnover. The other demerit of auditor rotation which is of much discussion is the fall in the audit quality due to loss of knowledge held by the auditor of the clients' businesses and operations as the ongoing relationship of auditor and client is disrupted by the auditor rotation (Healey & Kim, 200311).
It is argued that long-tenured auditor-client relationships results in making the auditors to become more complacent and slack in their role as an attester (Lu & Sivaramakrishnan, 2009). Carey and Simnett (2006) in their study while examining the going-concern modified opinions found that the auditor's inclination towards the issuance of fair opinions in the relation established over audit-partner tenure do diminish if other factors that could affect the propensity are controlled. Supporters of the mandatory audit firm rotation argue that the incumbent auditor either faces pressures from its client or their long-term relationship makes the auditors feel more comfortable, and thus affecting the operations of auditors in an adverse manner to deal with the issues related to the financial reporting which can affect the financial statements in its materiality. While the opponents of the mandatory audit firm rotation are of the opinion that the new auditor lacks the knowledge of the client-firms' operations, information systems and practices of financial reporting thus making the relationship complex during the initial years by increasing the time required to gain firm-specific knowledge along with the risk of not detecting the material errors in the financial reporting of the firm (General Accounting Office [GAO], 2003).
During the initial years, when an auditor is changed under audit-firm rotation, the audit costs would tend to be higher in order to acquire much of the necessary knowledge related to the client firm than the audit costs in the

subsequent years. Other costs that would be incurred by the client firm are the auditor selection cost and the auditor support costs (GAO, 2003). According to the study of GAO (2003) they believe that audit-firm rotation is not the most efficient way of enhancing either the auditor independence or the audit quality if the additional financial costs and loss in the firm-specific knowledge is taken into consideration. Results of the survey conducted by GOA of Fortune 1000 public companies shows concerns over the risks of an audit failure during the initial stages of audit firm rotation because the new auditor at initial stages is in the process of learning the knowledge regarding the client firms' operations, systems and financial reporting practices. Although the additional costs associated with mandatory audit-firm rotation are certain, the benefits to be achieved from it are difficult to either predict or quantify. Supporters of audit firm rotation believe that the value associated with fresh-look which would protect those stakeholders who rely on the financial statements outweighs the additional costs associated with it. Conversely, those who oppose mandatory audit firm rotation are of the opinion that the costs would be increased for the audit firms and the public companies resulting in the costs outweighing the value associated with the fresh-look (GAO, 2003). The increased costs associated with the mandatory audit firm-rotation include:

marketing costs incurred by the audit firm in order to either attract new audit-clients or to retain the existing ones;

• *audit costs* incurred by the audit firm in order to carry out an audit over the financial statements of client-firm;

• *audit fees* refers to the amount that is being charged from the client-firm by the auditor for performing the audit of their financial statements;

• *selection costs* are the internal costs incurred by the client-firm in an attempt to select a new audit firm to audit their records;

• *support costs* are the internal costs incurred by the client-firm in order to support the auditor in terms of understanding the client-firms' operations, systems, and financial reporting practices (GAO, 2003).

Johnson et al. (2002) and Myers et al. (2003) use various accruals measures to proxy for accounting and audit quality, and generally find that quality is *increasing* in the length of the auditor-client relationship.
James N. Myers(2005) examine associations between the length of auditor-client relationships and restatements of financial statements for non-GAAP accounting he find that clients are *more likely* to make income-increasing misstatements and to misstate core earnings the *longer* the auditor-client relationship . Prem Lal Joshi et al(2011) investigate the auditor–client relationships and problems in the Bahraini audit environment. the study investigates client perspectives and views on important auditing process issues, value added audit activities for client organizations, and auditor rotation. Clients viewed high fees, excessive audit time requirements, difficulty in meeting auditor's requests, and audit personnel difficulties in understanding the business due to a lack of adequate audit professionals' experience as problems.
Karla Johnstone et al (2012) investigate the effect of auditors' supply chain expertise at the city-level on supplier companies' audit quality and audit pricing. They find that auditors' supply chain expertise at the city-level is associated with higher audit quality and lower audit fees for supplier companies, compared to companies employing auditors with no supply chain expertise.

2-3. Agency Theory and Audit Quality

Auditing plays a vital role in reducing both: information asymmetry by empirically confirming the validity of financial statements and agency problems. The principal-agent conflict illustrated in agency theory, where principal (owner) lack reasons to believe their agents (managers) because of information asymmetries and contradictory motives. Information asymmetry deals with the study of decisions in transactions where one party has more or superior information than other. The contradictory motives such as financial rewards, labor market opportunities, and associations with other parties that are not directly related to principals can, for example, consequence for agents to be more optimistic about the economic performance of an entity rather than a performance of whole company. Differing motivations and information asymmetries decrease reliability of information, which cause breach of trust that principals will have on their agents. Therefore auditors as a third party used to try to align the interests of agents with principals and to let principals to gauge and manage the behavior of their agents and strengthen trust on agents.

This, however, brings new concept of auditors as agents, which leads to breach of trust, threats to objectivity and independence. When auditors perform an audit they are acting as agents for principals and this liaison therefore arising similar issues of trust and confidence as the director-shareholder relationship, prompting questions about who is auditing the auditor. Agents (either directors or auditors) may be trustworthy without further incentives to align interest or monitoring strategies such as audit or increased regulation. However, the simple agency model would recommend that agents are untrustworthy because managers, auditors will have their own interests and motives. Independent auditor from the board of directors is of huge importance to shareholders and key factor to deliver high audit quality. However, an audit obliges a close working relationship with the board of directors of a company. The fostering of this close relationship has led question mark on the independence of auditors and ultimately question mark on audit quality (The Institute of Chartered Accountants in England & Wales, 2005).

3.Hypothesis

Considering that the aim of the present study was to investigate the relationship between auditor - client and audit quality, research hypothesis is stated as follows:

First hypothesis: the level of audit fees is affected to audit quality.

Second hypothesis: the existence of special education and academic auditors will affect the level of customer satisfaction.

Hypothesis Three: certain accounting standards and guidelines and specific is influenced on quality and client satisfaction.

4.Methodology

Method of study is library and field. Based on the research aspects and issues related to Auditor and client relations, as well as similar studies conducted on the subject of research Were analyzed and using field studies, to clarify questions and explaining the model, the research objective was to achieve the title. Also, in the current study was used a descriptive survey method.Given the early stage of data collection is a process that researchers results of a field and library are explored and to the inductive approach collect and classify them. Therefore in order to receiveResearch questions, methods of data collection is a questionnaire with Likert scale of five.The questionnaire consisted of two parts. A) include demographic characteristics, including age, education, experience Field work is.B) in accordance with the criteria specified in the research model (audit quality,Customer satisfaction, increased quality and client satisfaction) was adjusted to 15 questions. The questionnaire consisted of the following options to score from 1 to 5. 1.Very Low 2. Low 3. Medium 4. High 5. Extreme

Also, the statistical population of investigation has been selected among the auditors and employers listed companies on the Stock Exchange in Tehran. The sample were distributed consisted of 100 questionnaires between auditors and clients in 2013. The statistical population count is low because we use a number of methods and the entire community as a whole We consider the sample. 100 questionnaires were distributed in the sample due to the strict supervision of all questionnaires. These questionnaires were returned of which only one was unusable and the rest of the questionnaires were usable.

International Journal of Accounting, Banking and Management
Vol. 1, No. 2, July 2013, PP: 20 - 33
Available online at www.ijabm.com

In this study, to increase the content validity of the questionnaires, articles, books and journals, was used as well as teachers and practitioners of accounting. To determine the reliability of the measurement tool, and there are several different methods, one of which is a measure of internal consistency (Conca et al, 2004).Internal consistency can measure with Cronbach's alpha coefficient measuring instrument (Cronbach, 1951).To assess the reliability of data collected in this study, with Cronbach's alpha formula was obtained by using the SPSS software.Usually less than 0.6, indicating the reliability of alpha weak, 0.6 to 0.8 and above 0.8, indicating acceptable reliability is high.Hence, whatever the number is closer to a better. Cronbach's alpha test results show that, given the calculated Cronbach's alpha coefficient (0.71 Alpha =) More than 70/0 can be concluded that the reliability of questionnaire is acceptable of current study.

5. Analysis of Results

Results of this study was used to analyze different methods of descriptive and inferential statistics to describe the variables and data analysis and hypothesis testing is used.Thus, using different methods are analyzed to research questions about data, inferential statistics.Before analyzing the results was examined using a sample Kolmogorov - Smirnov normality of distribution of variables.Normal test results show that, given the significant level of audit quality variable remuneration (0.556) and education level auditors and customers (0.050004) is greater than 5%, therefore, parametric tests they can be used to confirm or reject the hypothesis. However, given the variable quality of accounting standards and client satisfaction (0.043) is less than 5% so the nonparametric test should be used to confirm or refute this hypothesis.
So to test the first two hypotheses, one sample t-test and its nonparametric binomial test can be used for the third hypothesis.

First hypothesis: the level of audit fees, audit quality is affected.
Suppose Research

H_0:Audit fees, audit quality is not affected.

H_1:Audit fees, audit quality is affected.

TABLE 1: Descriptive statistics

	Number	Average	Standard deviation	Standard error of the mean
Audit quality and audit fees	99	2.80	.729	.073

Table 2: Conclusions The first hypothesis is tested using a sample t-test

	The test 3 = = 3					
	t	df	Sig	The mean difference	Confidence interval 95%	
					Lower	Above

Table 2: Conclusions The first hypothesis is tested using a sample t-test

	The test 3 = = 3					
	t	df	Sig	The mean difference	Confidence interval 95% Lower	Above
Audit quality and audit fees	-2.724	98	.008	-.199	-.34	-.05

As can be seen, Table 1 Descriptive statistics such as mean of responses, the number of those who have responded, and the average error represents the standard deviation of the response.

Also, Table 2 shows the results of the first hypothesis. The value of the t test with significance level of acceptance is -2.724 (sig = 0.008) because it is less than 5%. In other words, we can conclude that the difference is significant. We can find out by referring to the column below the mean value is 3. Therefore, we assume that the null hypothesis can not be confirmed to be confirmed. So we can conclude that audit fees do not affect audit quality.

Second hypothesis: Special education and academic auditors will affect the level of **client** satisfaction SupposeResearch

H_0:Special education and academic audits on **client,** s not influence the level of satisfaction.
H_1:Special education and academic auditors will affect the level of client satisfaction.

TABLE 3: Descriptive statistics

	Number	Average	Standard deviation	Standard error of the mean
Auditors education and increasing client satisfaction.	99	4.44	.476	.048

Table 4: Conclusions The second hypothesis is tested using a sample t-test

	The test 3 = = 3					
	t	df	Sig	The mean difference	Confidence interval 95% Lower	Above

Table 4: Conclusions The second hypothesis is tested using a sample t-test

	The test 3 = = 3					
					Confidence interval 95%	
	t	df	Sig	The mean difference	Lower	Above
Auditors education and increasing client satisfaction	30.140	98	.000	1.440	1.35	1.54

As can be seen, Table 3 Descriptive statistics such as mean of responses, the number of those who have responded, and the average error represents the standard deviation of the response. Also, Table 4 shows the results of the second hypothesis. The value of the t test with significance level of acceptance is 30.140 (sig = 0.000) because it is less than 5%. In other words, we can conclude that the difference is significant. We can find out by referring to the column above the mean value is 3. Thus our Suppose (Suppose one) may be approved. Thus it can be concluded that the level of education of professional auditor and academic affect customer satisfaction.

Third hypothesis: certain accounting standards and guidelines and the specific has effect on the quality of client satisfaction. Suppose Research
H_0:Certain specific accounting standards and guidelines has no effect on quality and client satisfaction has no effect.
H_1:Certain specific accounting standards and guidelines is influenced on quality and client satisfaction.

Table 6: Conclusions The third hypothesis test using binomial

Variable		Category	Number	The observed	The test	Sig
Accounting standards and improving the quality and client satisfaction.	Group1	<= 3	5	.05	.50	.000
	Group2	> 3	94	.95		
	Total		99	1.00		

As can be seen in Table 6, the assumption of certain accounting standards and guidelines and specific has been analyzed to improve client satisfaction. Test results show that less than 5 per cent significance level (sig = 0.000). Given the significant level of less than 0.05 is calculated, it can be understood that the mean value, number 3 is significant. In other words, the zero hypothesis is rejected and considered an endorsement.Respondents were also more than 3 points (0.95 percent of respondents), therefore it can be concluded that certain accounting standards and guidelines and the specific increases client satisfaction quality.

6.Conclusion

Audit quality,is an important issue in the field of auditing and capital market. In order to understand the implications of different aspects of audit quality, various studies have been conducted by researchers to explore the relationship between audit quality and other variables. This study investigated the relationship between auditor and client is based on three variables overall audit fees, audit quality of accounting standards and principles of academic education was audited in Iran.
In summary, the results show that the first hypothesis, the effect of audit quality of audit fees based on age, sex, education, and work experience, there is no significant difference. The statement regarding the impact of audit quality, audit fees are equally the same. Also, the first hypothesis does not affect audit quality of audit fees. Thus contrary to the research hypothesis Willenberg (1999) which examined the relationship between audit quality and audit fees paid to the auditor's preliminary recommendations and conclude the quality of audit services is affected by the auditor's acceptance of the proposed fee.
The results of the second hypothesis show the impact of special education on a higher level of customer satisfaction and academic auditors based on age, sex, education, and work experience, there is no significant difference. The statement is the same regarding the impact of special education and academic auditors on a much higher level of customer satisfaction. Also, auditors special education and academic based on the second hypothesis test has effect on increasing the level of customer satisfaction. The result of this hypothesis, with conducted study found by Libby & Frederick (1986) that the amount is much more experienced auditors, and their understanding of existing distortions is consistent in the financial statements increases. Hence, the auditor concludes that increasing the quality of auditing experience can be improved. In other words, auditors with higher education are able to do higher-quality audit.

Plus, much more experienced audit firm provide audit services of superior quality. For example, Benito Arrunada (2000) found that auditors with the special expertise of two major reasons have higher audit quality. First, more familiar with the issues and problems in the implementation of continuous auditing, accounting and auditing, and the incentive to earn and maintain a reputation audit. This result is consistent with the results of the study.

The results show that the third hypothesis, the impact of standards and guidelines certain accounting and client specific quality and satisfaction based on age, sex, education, and experience there is on significant difference. The statement are identical regarding the impact of certain accounting standards and guidelines on quality and client satisfaction, and to a certain extent.Also, according to the third hypothesis test certain specific accounting standards and guidelines is influenced on quality and client satisfaction.

7.Suggestions for future studies

Due to the importance and necessity of further study revolves around the current study, the following topics are recommended for future studies.

1 - The relationship between Iran and the relationship between auditor and client compared at the same level to other developed countries.

2 - The relationship between audit quality and corporate profitability.

3 - The relationship between auditor and client relationship between corporate profitability.

4 - to conduct a longitudinal study on the relationship between relationship between auditor and client.

References

[1] Alali, F. (2012). "Audit fees and discretionary accruals: Compensation structure effect", Managerial Auditing Journal, Vol 26, No 2, pp. 90-113.

[2] Arrunada (2000) ." Audit Quality Attribute, Private Safeguards and the Role of Regulation", Journal of Accountancy; vol 131; pp: 25- 28

[3] Batson, John, (1997), Managing service marketing, Landon, Drayden press, pp.159 – 164

[4] Carcello, J.V. & Nagy, A.L. (2004). Audit firm tenure and fraudulent financial reporting. Auditing Journal of Practice and Theory, 23(2), 55–69

[5] Casterella, J. (2002). Auditor Tenure and Rotation: The Auditors, Are They A-Changing? Working paper, University of Florida.

[6] Chen, H., J. Z. Chen, and G. J. Lobo (2012). "Effects of Audit Quality on Earnings Management and Cost of Equity Capital: Evidence from China", Contemporary Accounting Research, Vol. 28, Issue. 3, pp. 892-925.

[7] Comunale, C.L. & Sexton, T.R. (2005). Mandatory auditor rotation and retention: impact on market share. Managerial auditing journal, 20 (3), 235-248.

[8] Davidson, R. A. and D. Neu; (1993) ." a Note on Association between Audit Firm Size and Audit Quality; Contemporary Accounting Research", Vol. 9; No. 2; pp: 479-488

[9] DeAngelo, L.(1981). Auditor independence, "Low Balling," and disclosure regulation. Journal of Accounting & Economic, pp. 113-127.

[10] Frederick, D. and R. Libby. (1986). Expertise and auditors' judgments of conjunctive events. Journal of Accounting Research (Autumn): 270-90.

[11] General Accounting Office (GAO). (2003). Public accounting firms: required study on the potential effects of mandatory audit firm rotation. Washington, DC: General Accounting Office.

[12] Geiger, M., Raghunandan, K. & Rama, D. (2005). Recent changes in the association between bankruptcies and prior audit opinions. Auditing: A Journal of Practice and Theory, 24 (1), 21–35

[13] Healey, T. & Kim, Y. (2003). The benefits of mandatory auditor rotation. Regulation, 26 (3), 10.

[14] Johnson, V., Khurana, I. & J. Reynolds. (2002). Audit-Firm Tenure and the Quality of Financial Reports. Contemporary Accounting Research, 19 (4), 637–660

[15] Karim, W. A. (2010). "Audit Pricing, Audit Concentration and BiG4 Premium in Bangladesh", Working Paper, Saint Marys College of California, Available on www.ssrn.com.

[16] King, R. R., and R. Schwartz. (1999), Legal penalties and audit quality: An experimental investigation. Contemporary Accounting Research (Winter): 685–710

[17] Lee, H., Mande, V. & Son, M. (2009). Do lengthy auditor tenure and the provision of non-audit services by the external auditor reduce audit report lags? International Journal of Auditing, 13, 87-104.

[18] Lu, T. & Sivaramakrishnan, K. (2009). Mandatory audit firm rotation: Fresh look versus poor knowledge. Journal of Accountancy and Public Policy, 28 (2), 71-91

[19] Meyer, M.J., Rigsby, J.T. & Boone, J. (2007). The impact of auditor–client relationships on the reversal of first-time audit qualifications. Managerial Auditing Journal, 22(1), 53–79.

[20] Palmrose Z. , (1988) . "An analysis of auditor litigation and audit service quality", The Accounting Review (January) :55-73.

[21] Prem Lal Joshi a, Jasim Al Ajmi a, Wayne G. Bremser(2013) "A study of auditor–client relationships and problems in the Bahraini audit environment" Advances in Accounting, incorporating Advances in International Accounting, , Vol. 28, Issue. 3, pp. 266-277

[22] Schauer, P. C. (2000) . "Differences in Audit Quality Among Audit Firms: An Examination Using Bid-ask Spreads", Working Paper

[23] The Institute of Chartered Accountants in England & Wales. (2005). Audit Quality Agency theory and the role of audit. Audit and Assurance Faculty, ISBN 1 84152 404 2

[24] Titman, S. and B. Trueman, (1986) ." Information Quality and the Valuation of New Issues", Journal of Accounting and Economics. Vol. 8, pp159-172.

[25] Wallace. W. A, (1986), Homicide: The Social Reality, New South Wales Bureau of Crime Statistics and Research.

[26] Willenborg. M. (1999) ." Empirical analysis of the economic demand for auditing in the initial public offering market", Journal of Accounting Research 37 (Spring) : 225-238.