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## Araştırma Makalesi • Research Article

### Code of Ethics of Independent Auditing within the Scope of International Standards on Auditing: A Study of Independent Auditing Practices in Türkiye \*

*Uluslararası Denetim Standartları Kapsamında Bağımsız Denetimde Etik İlkeler: Türkiye Bağımsız Denetim Uygulamaları Üzerine Bir Araştırma*

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#### ÖZ

Bu çalışma ile Türkiye’de uzman görüşlerine dayalı olarak uluslararası denetim standartları ve bağımsız denetimde etik ilkeler incelenmiştir. Çalışmada, katılımcıların tecrübeleri ve bu katılımcılardan elde edilen verilere yönelik anlam derinliğinin ön planda olduğu nitel araştırma yöntemi tercih edilmiştir. Nitel araştırmalarda sık başvurulan görüşme yöntemi kullanılarak araştırma verileri toplanmıştır. İlgili literatür ve çalışmanın içeriği göz önünde bulundurularak yapılandırılmış görüşme yöntemi kullanılan çalışmada yüz yüze ve internet yoluyla iletişim gerçekleştirilmiştir. Katılımcılar, konu ile ilgili çalışmalarını yapan akademisyen ve alanında deneyim sahibi olan yeminli mali müşavir, kamu ve özel sektör denetim çalışanlarından oluşturulmuştur. Finansal raporların şeffaflığı ve güvenilirliği için bağımsız denetimin ve denetimde etik ilkelerin yadsınamaz rolü araştırmanın en önemli sonuçlarından birisi olarak ortaya çıkmıştır. Bağımsız denetimin uluslararası standartlara uygunluğu sağlayarak yatırımcı güvenini artırdığı çalışmanın ortaya koyduğu diğer önemli bir sonuçtur. Son olarak, bağımsız denetim sürecinde etik ilkelerin varlığı ve uygulanmasının denetimi daha güvenilir ve doğru yapacağı sonucu araştırmada ulaşılan başka bir sonuçtur.

#### ABSTRACT

This study examines the International Standards on Auditing (ISA) and the Code of Ethics for Independent Auditing in Türkiye based on expert opinions. A qualitative research design was adopted to prioritize the depth of meaning derived from participants' experiences and the data obtained from them. The data were collected through in-person interviews, a common method in qualitative research. Given the extant literature and the study's scope, a semi-structured interview technique was employed, and communication with participants occurred both in-person and online. The participants included academics with publications on the subject, as well as sworn-in certified public accountants and audit professionals from both the public and private sectors who possess practical experience in the field. The findings highlight the unassailable function of independent auditing in ensuring the transparency and reliability of financial statements, as well as its capacity to enhance investor confidence by safeguarding compliance with the International Standards on Auditing. Participants also emphasized that the Code of Ethics constitutes the cornerstone of auditing and is, in some instances, even more critical than technical standards, as the credibility of audit reports cannot be maintained in the absence of ethical conduct. Additional results point to the importance of continuous professional training, digital auditing competencies and strict independence requirements to improve audit quality. In conclusion, the study demonstrates that the implementation of the Code of Ethics within the independent auditing process leads to more reliable and accurate audit outcomes.

\* In this study, for the survey application ethical approval was granted from the Social Sciences and Humanities Research Ethics Committee of Kafkas University under decision number 04, dated January 14, 2021, during session number 17.

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## 1. Introduction

From an auditor's perspective, moral values and code of ethics are a prominent issue in both independent and internal auditing. In this context, ethics can be considered a set of behavioral standards auditors are expected to follow regardless of legal regulations. However, an examination of the history of auditing practices around the world shows that auditors cannot be expected to act ethically based solely on their own conscience. For this reason, ethics has become a subject of considerable focus, particularly in recent years, within legal regulations and academic literature.

In discussions of ethics, it is important to emphasize the question of which behavior is considered right or wrong. Since ethical judgments may vary depending on the individual, the criteria by which acceptable behavior is determined can be a subject of debate (Shafer, 2011, p. 650). The broader public perceives the concept of ethics as "as a set of moral principles and rules of conduct guiding the audit profession, a condition *sine qua non* of their legitimacy on the market" (Ardelean, 2013, p. 57). Audits and audit reports prepared in compliance with code of ethics must be transparent and reflect the audited entity's strengths and weaknesses objectively (Adams, 2004, p. 732). These ethical rules are essential in preventing businesses from engaging in fraudulent or noncompliant practices (Othman et al., 2014). However, regulatory provisions alone are insufficient to prevent ethical violations. An auditor with a distorted moral compass may engage in misconduct despite legal regulations. Therefore, auditors' personal ethical beliefs may truly determine their ethical behavior (Kung & Huang, 2013).

Various factors influence an auditor's ethical behavior. For example, Tsui (1996) examined the impact of cultural differences on ethics in a study involving a series of tests conducted on auditors in the United States and Hong Kong. The results showed that cultural differences can significantly affect auditors' ethical standards and moral reasoning. Similarly, Svanberg and Öhman (2016) investigated how the ethical culture of an audit firm—including rewarding ethical behavior, punishing unethical actions, the prevalence of ethical norms, and obedience to authority—affects auditor objectivity. Their study demonstrated that a strong ethical culture increases the likelihood of objective behavior among auditors.

On the other hand, the effectiveness of corporate governance significantly influences ethical behavior. When corporate governance's control and oversight functions operate effectively, ethical conduct is reinforced. As might be expected, legal regulations tend to have a stronger positive impact on ethical behavior and auditing in high-income countries than in low- and middle-income countries (Benkraiem et al., 2021).

Several factors influence auditors' ethical behavior in addition to governance structures. These factors include pressure from audit firms or clients (Espinosa-Pike & Barrainkua, 2016); personal interests (Falk et al., 1999); tax

evasion (Benkraiem et al., 2021); professional competence (Barrainkua & Espinosa-Pike, 2018); audit committee characteristics (Othman et al., 2014); and the auditor's moral philosophy (Kung & Huang, 2013). Regardless of the source, such factors can affect auditors' ethical judgments (Pflugrath et al., 2007). For example, Falk et al. (1999) found that ethical violations increase when audit firms risk losing clients. Conversely, violations decrease when behavior is monitored, especially if the risk of losing the client is low and sanctions are more likely.

Code of ethics influence public trust in auditors and contribute to their professional reputation. Audit reports are used not only by auditors and clients, but also by third parties, significantly affecting the decisions of various stakeholders. In this context, auditors play a critical role within the framework of agency theory by acting as intermediaries between principals and agents. Therefore, one could argue that auditors fulfill public duty. They are expected to consider the interests of all stakeholders when conducting audits and issuing reports. At this point, code of ethics become central. These principles include honesty, responsibility, and reliability (Ardelean, 2013, pp. 55–57).

Code of ethics also play a vital role in corporate disclosures. As has been observed in numerous past cases, firms may conceal or distort information that should be disclosed to the public. Even in voluntary disclosures, companies may be selective or use ambiguous language that misleads stakeholders about the actual situation (Lightstone & Driscoll, 2008).

## 2. Literature Review

Ziegenfuss and Singhapakdi (1994) conducted a study in which they analyzed survey data collected from 1,000 members of the Institute of Internal Auditors in the southeastern United States. Their results indicated that professional values, as expressed through ethical codes, positively influenced members' perceptions of ethical issues. However, no significant relationship was found between internal auditors' personal moral philosophies, organizational ethical values, and their perceptions of ethical issues.

Shaub (1994) investigated whether demographic variables that are traditionally associated with higher levels of moral reasoning were also related to the moral reasoning of auditing students and auditors. The study revealed that moral reasoning in both groups was associated with academic performance, gender, and ethics education.

Gul, Ng, and Tong (2003) used the economic model of ethical compliance to examine the connections between ethical judgment, perceived detection risk, perceived severity of penalties, and ethical behavior in situations of audit conflict among Chinese auditors. Using a sample of 53 auditors from Shenzhen, the researchers found a significant negative relationship between ethical judgment and the likelihood of unethical behavior. This relationship was weaker among auditors who perceived a higher risk of

detection.

Satava, Caldwell, and Richards (2006) argued that managers, financial leaders, and auditors adhere to an ethical framework that fosters trust and lays the foundation for cooperative efforts.

Pflugrath, Martinov-Bennie, and Chen (2007) aimed to determine whether the presence or absence of ethical guidelines affects audit quality.

Barlaup, Drønen, and Stuart (2009) focused on promoting ethical discernment as a dimension of work-related decision-making. Their findings suggest that accounting would benefit from a greater emphasis on ethical awareness and behavior.

Sakarya and Kara (2010) first provided a theoretical overview of ethics and professional ethics in accounting. They then examined how accounting professionals in Türkiye perceive professional ethics through a survey, evaluating the effectiveness of national regulations on the subject.

Çınar and Güney (2012) surveyed 102 certified public accountants in Erzurum to explore their perceptions of ethics. The results showed that the professionals were aware of the importance of ethics and generally disapproved of unethical behavior. However, they also believed that unethical practices still occur. Additionally, ethical commitment was found to be positively correlated with education and income levels. Participants expressed a desire for more ethics training from professional organizations.

Bilen and Yılmaz (2014) reviewed ethical regulations issued by various institutions, including the American Institute of Certified Public Accountants (AICPA), the International Federation of Accountants (IFAC), the Turkish Ministry of Finance, TÜRMOB, the Capital Markets Board, and the Institute of Internal Auditors.

Everett and Tremblay (2014) employed a multi-method approach, including interviews, autobiographies, and website analysis, to examine ethics in the internal auditing profession.

Diñç and Cengiz (2014) investigated the relationship between auditors and the concepts of error and fraud in the auditing process. Focusing on the Enron scandal, they found that ethical considerations play a significant role in understanding the implications of fraud and error.

Demir (2015) examined national and international ethical regulations, emphasizing the importance of ethics in accounting and auditing.

Demir and Çiftçi (2016) emphasized the importance of auditor independence and adherence to code of ethics for ensuring the reliability and quality of audits. Their study included a case analysis of a specific audit firm's independence- and ethics-related practices.

Espinosa-Pike and Barrainkua (2016) examined the

perceived pressures within the auditing profession, the ethical acceptability of questionable practices, and the ways in which auditors address conflicts of interest. They also examined the effects of firm size and auditor experience on these factors.

Karaibrahimoglu and Cangarlı (2016) investigated how national cultural values influence the relationship between auditing and reporting standards and firms' ethical behavior.

Samsonova-Taddei and Siddiqui (2016) evaluated the European Union's audit policy and its ability to promote audit ethics through regulations.

Saadeh et al. (2016) compared religiously derived ethical codes with established global standards to determine the more effective method of combating fraud in auditing. Their qualitative analysis revealed that International Accounting Standards (IAS) and U.S. auditing standards were less effective at reducing fraud than Islamic ethics.

Hay (2017) conducted a review of research related to audit fees between 2006 and 2016. The review focused on audit fee levels, dependency, non-audit fees, and significant non-audit service engagements.

Kuntari et al. (2017) sought to determine the influence of auditor ethics, experience, audit fees, and motivation on audit quality at a public accounting firm in Semarang. All hypotheses were supported.

Uzun (2017) discussed ISSAI 30, the standard on ethical control systems, emphasizing the importance of ethical requirements for Supreme Audit Institutions (SAIs) and their personnel. The study aimed to raise awareness by promoting an ethical culture through internal regulations.

Gümrah and Yılmaz (2018) surveyed auditors in Ankara, Konya, and Karaman to determine their views on code of ethics. The respondents recognized the importance of "professional ethics" and emphasized the necessity of adhering to the principle of "objectivity" during audit activities.

Alkan (2018) provided a theoretical explanation of ethics in independent auditing and used content analysis to examine unethical practices and the sanctions imposed by the Capital Markets Board on firms listed on the Istanbul Stock Exchange.

Marcu (2018) analyzed the ethical implications of public external auditing and the potential consequences of ethical violations. The study outlined general code of ethics relevant to the activities of public external auditors.

Turkcan and Akdogan (2018) conducted a comparative analysis of code of ethics under international valuation and auditing standards.

Akbaba (2018) discussed the importance of ethics in accounting and examined the content and application of IFAC's IES 4, "Professional Values, Ethics, and Attitudes," effective since 2015.

Haeridistia and Fadjarenie (2019) examined the impact of independence, professional ethics, and auditor experience on audit quality at a CPA firm in Jakarta. Survey results from 127 participants revealed that these factors significantly influence audit quality.

Kertarajasa et al. (2019) aimed to evaluate the impact of competence, experience, independence, due professional care, and integrity on auditor ethics and audit quality. The results indicated that competence, due care, and integrity significantly and positively influence audit quality.

Duc et al. (2020) examined factors influencing auditor independence in Vietnam. They identified the auditor's personal attributes, the firm's environment, and the legal framework as the primary determinants.

Süklüm (2020) analyzed the 2018 transparency reports of independent audit firms operating in Türkiye using content analysis to evaluate their compliance with independence and code of ethics.

Yaza (2021) compared the ethical codes of independent auditors and non-interest financial institutions using secondary sources from the Public Oversight Authority (KGK) to underscore the importance of ethical practices in both sectors.

Ardillah and Chandra (2022) conducted a multiple regression analysis and discovered that auditor independence did not significantly impact audit quality; however, auditor experience had a positive effect.

Çakalı and Baloğlu (2023) compared ethical practices in internal auditing with those in external auditing. They found limited transparency regarding sanctions and a lack of public disclosure.

Demir and Kale (2023) evaluated the ethical and professional compliance of audit practices based on feedback from teachers and school administrators. The results confirmed adherence to the principles of fairness, confidentiality, impartiality, objectivity, integrity, competence, and professional care.

Manap et al. (2023) examined the influence of auditor independence on audit quality through ethical behavior. The study found that audit quality is affected by independence and accountability.

Sonjaya (2024) examined how organizational culture impacts audit practices and ethics. He concluded that auditors working in organizations with strong ethical cultures exhibit higher levels of ethical sensitivity and compliance with professional standards.

Shafaei et al. (2024) examined the relationship between emotional intelligence and ethical judgment in auditors, discovering a positive correlation between the two.

### 3. Data and Methodology

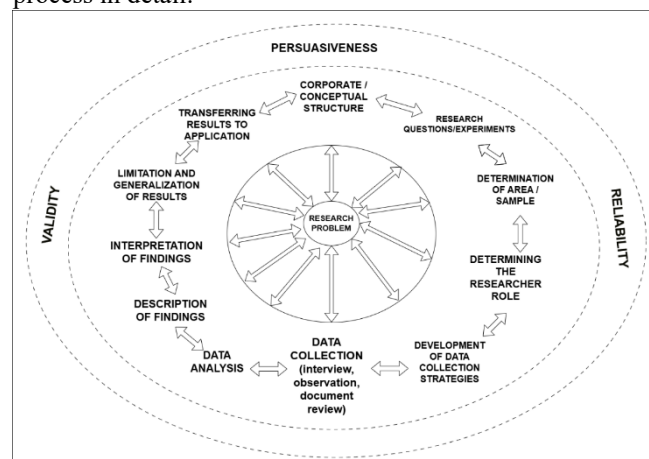
The code of ethics that define an auditor's responsibilities

regarding independence, integrity, professionalism, and confidentiality are critical to advancing the auditing profession and enhancing professional standards. These principles reinforce the profession's credibility and awareness within the audit community and the public. They also help auditors manage pressures and conflicts of interest that may arise in practice. In this context, the present study aims to evaluate code of ethics in independent auditing based on international standards on auditing and interviews with subject-matter experts.

#### 3.1. Research Method

A qualitative research method was employed in this study. This approach focuses on understanding human behavior, social phenomena, and cultural contexts by collecting and analyzing non-numerical data. Experience and meaning are significant factors in this type of research. (Daher et al., 2017; Nassaji, 2020; Grbich, 2019). These studies emphasize context, depth, and participant perspectives to achieve a detailed understanding of the subject matter. Qualitative data are usually collected through interviews, focus groups, or observation (Haven & Grootel, 2019). Because they are exploratory in nature, qualitative studies generally rely on small sample sizes (Gerring, 2017).

There are numerous methods of analysis used in qualitative research. Given the nature of this study and the data collected, the descriptive analysis method was adopted. This approach allows direct quotations from participants to effectively convey experts' views (Aydın, 2018). The qualitative research process begins with identifying the research problem and concludes with analyzing and interpreting the data. The following model illustrates this process in detail:



**Figure 1:** Qualitative Research Cycle Model

Source: Yıldırım & Şimşek (2016).

#### 3.2. Data

In this study, data were collected using interviews, a method frequently employed in qualitative research. Considering the relevant literature and the nature of the study, a semi-

structured interview technique was employed, with communication conducted both face-to-face and online with participants. Prior to conducting the interviews, ethical approval was obtained from the Social Sciences and Humanities Research Ethics Committee at Kafkas University under decision number 04, dated January 14, 2021, during session number 17.

Before the interviews were carried out, participants—consisting of academics with expertise in the subject, sworn-in certified public accountants, and audit professionals from the public and private sectors—were informed about the general objectives of the study. Only individuals who voluntarily agreed to participate were interviewed. Participants were anonymized and coded in the study.

The interview forms obtained from the participants were classified and coded based on their content. Two academics with research experience in qualitative methodology examined and compared the generated themes. They calculated the reliability of the coding using the formula, "Reliability (%) = Agreement / (Agreement + Disagreement) × 100." The coefficient was computed as 100/(100+15)×100=86.96. This result indicates consensus among the experts and demonstrates the study's internal consistency (Miles & Huberman, 1994, as cited in Şahin et al., 2019).

The interview questions and the thematic areas covered by these questions are outlined below.

**1. What are your views on international standards on auditing? Why were these standards deemed necessary?**

- **Thematic areas:**

- Auditing
- Auditing standards
- International standards on auditing
- Situations, events, or phenomena that necessitate international standards on auditing.

**2. What are your thoughts on independent auditing?**

- **Thematic areas:**

- Independent audit
- Necessity of independent audit
- Benefits of independent audit

### 3. What qualifications should an independent auditor possess?

- **Thematic Areas:**

- Essential qualifications for independent auditors (education, experience, certification, etc.)
- Responsibilities and key considerations for auditors during audit engagements

**4. What are your views on code of ethics in auditing?**

- **Thematic Areas:**

- The role of ethics in auditing
- Compliance with code of ethics in independent auditing
- Implementation and outcomes of code of ethics in independent auditing in Türkiye

**5. Do you have any additional insights on auditing and ethics beyond the above topics?**

## 4. Results

The qualitative data collected in this study were analyzed using NVivo 15, a qualitative data analysis software tool. Within this framework, word frequency analyses were conducted. The tree diagram included in this section visualizes the data, organizes information, and explains hierarchical relationships, an approach commonly used in academic studies. Such visualizations facilitate more effective decision-making processes by structuring large datasets.

Another method of data visualization based on word frequency is a word cloud, which was also generated. In a word cloud, the positioning of the words is significant; frequently mentioned terms appear more centrally and prominently. Figures 2 and 3 show the word cloud and the tree map diagram, both are derived from the analysis.

Figure 2 shows the word cloud of code of ethics in independent auditing within the framework of international standards on auditing.



**Figure 3:** Tree Map Diagram of the Qualitative Data of the Study

audit	standards	principles	accounting	education	firs	many	profession	profession	regulation	statement		
			auditors	companies	also	reports	since	training	authority	business	concept	decision
	auditor			comply	due	oversight	practice	process	reliability	required	within	
ethical		türkiye										
independent				independ	however	addition	fulfilling	undam	indepe	importe	increas	indepe
	financial		compliance		internatio	audited	individual	person	practio	qualific	reliable	society
		public		number								
				rules	order	implemen	audits	informe	terms	accoun	accura	accura
auditing	must	ethics			importance	become	knowledge	come	apply	consid	cost	country
			sector	provided								
		professional	institutions		made	comparat	cal		values	client	current	even
			capital	reporting	necessar	engineer	organiz		accord	compel	differen	finance

Following the word analysis, qualitative data were examined using descriptive analysis to present participants' views in detail. The findings obtained from the descriptive analysis are summarized below according to the questions and themes.

**What are your views on international standards on auditing? Why were these standards deemed necessary?**

This was the first question posed to the study's participants, and the subsequent evaluation covered the themes of the scope of international standards on auditing and the reasons for their necessity. Participants agreed that the adoption of common standards was necessary due to globalization. Additionally, participants emphasized that global audit scandals triggered this process. For example, one participant stated, "due to the expansion of international trade and capital movements, auditing standards have been established to enable companies and institutions to undergo international evaluations, and their compliance with these standards has been assessed" (P.3), while another participant said, "As global trade has increased and savings have been increasingly used as investment tools, audit standards have been clarified to evaluate companies and institutions with a set of supranational rules, and independent auditing is needed to assess their compliance with these standards" (P.2). Participants also emphasized that audit standards serve as guides and measures of quality in audit work.

#### **What are your thoughts on independent auditing?**

In this section, which addresses the necessity and benefits of independent auditing, participants stated that these practices enhance the reliability of reporting. This allows resource providers, in particular to make more accurate, objective, and transparent evaluations. One participant (P.1) emphasized this point by referencing the Public Oversight Authority's (POA) ongoing training efforts and explaining, "independent auditing appears to be the next stage in the evolution of the accounting profession, representing an inevitable transformation."

Another participant said, "independent auditing is of the utmost importance for an objective third party to assess institutional compliance with standards. Verifying compliance with the relevant standards allows capital providers to make more accurate and objective evaluations. The accuracy of financial indicators, which form the basis for investment and funding decisions concerning institutions, is assured by independent audit certification" (P.3). This emphasizes the importance of independent auditing in ensuring the reliability of financial indicators.

Similarly, another participant noted that auditors play a vital role in independently evaluating institutional compliance with standards. Ensuring and auditing compliance with existing standards enables resource providers to make accurate and transparent assessments. The accuracy of financial data, which guides the investment and funding decisions of companies and fund providers, gains credibility through independent audits. Since current local regulations

in Türkiye align with IFRS compliance processes, the scope and usability of audit reports have expanded" (P.2). This highlights the importance of independent auditing and the trust it creates.

#### **What qualifications should an independent auditor possess?**

The training received by the auditor conducting the audit is one of the most critical factors that directly affects the quality and reliability of the independent audit process. Interpreting financial statements requires technical knowledge and foresight, as well as ensuring compliance with standards and legal regulations. Therefore, a well-trained auditor is essential.

During the session, participants emphasized the importance of education, particularly in accounting and finance, as well as the responsibilities and considerations during the execution of their duties. Due to the nature of the profession, the necessity for continuous education was also highlighted. One participant stated, "the POA's emphasis on continuous professional training is important for auditor development." The minimum qualifications an independent auditor must have, such as 'independence,' 'education and competence,' and 'professional diligence and care,' as outlined in the quality assurance standards, must include digital auditing competencies in today's digital world. Certifications that verify such competencies should be a mandatory part of the process" (P.1).

As the participant emphasized, digital auditing is now an inevitable result of digitalization in today's world. An indispensable element of the audit process is the auditor's ability to act independently. To maintain the credibility of the audit, independence must be ensured in both form and substance.

Participants strongly emphasized the necessity for auditors to act independently. One participant stated, "while fulfilling their duties, the independent auditor must fully comply with the principle of independence and fulfill all responsibilities required by professional ethics. They must not discuss any commercial or contractual matters with the audited institution" (P.3).

Another participant said, "independent auditors must prioritize the principle of independence and fulfill all ethical responsibilities required by their profession." It is quite common in the industry for auditors to later work in financial roles at their audit clients. This could create a conflict of interest between the auditor and the client; therefore, regulations should be reevaluated" (P.2), emphasizing the importance of independence and suggesting regulatory improvements.

Similarly, another participant said, "the independent auditor must maintain independence and objectivity during the audit. They must not have close relationships with individuals at the audited firm. They must maintain professional skepticism and diligence. If there are indications of fraud or error, they must pursue them" (P.2). Information obtained during the audit must not be used for



personal gain" (P.5). The audit report must be written objectively based on the findings" (P.5). This highlights the importance of maintaining independence throughout the audit process.

#### **What are your views on code of ethics in auditing?**

These principles, especially those that ensure professional independence, are vital not only in auditing but also in many other professions. These principles ensure the reliability and accuracy of the work performed. Principles such as honesty, impartiality, professional competence, and confidentiality enhance trust in independent auditing and improve its quality.

In this section, which addresses the role of code of ethics in auditing, compliance with these principles in independent auditing, and their application and results in Türkiye, participants agreed that these concepts and principles form a foundational element of auditing. One participant (P.1) emphasized their importance by stating, "ethics appear as a fundamental building block of auditing and even as a core concept underlying the idea of auditing itself. Its inclusion in compulsory professional training subjects is the best example of its significance."

Another participant (P.4) said, "The concept of ethics in auditing expresses professional responsibility and forms the most fundamental principle of auditing." Without ethics, fulfilling professional competencies cannot even be discussed. That's why institutions like the IAASB, IFAC, and IIA publish professional ethical rules within a framework of principles." He/she emphasized that code of ethics are indispensable to meeting professional competency standards.

Code of ethics gained further importance after worldwide financial scandals. Some participants argued that these principles are more important than standards. For example, one participant (P.5) stated, "the code of ethics that auditors must follow are more important than the standards themselves because these principles are necessary for auditors to correctly apply the standards. Without ethics, audit reports cannot be trusted. In Türkiye, code of ethics are not given enough importance. Many independent auditors develop close relationships with people at the companies they audit and then accept positions at those companies. Independent auditors are not adequately trained or informed about code of ethics. As a result, trust in independent audit reports in Türkiye is still low." This emphasizes the importance of code of ethics while also criticizing their inadequate application in Türkiye.

However, another participant (P.3) offered a more optimistic view. "Although compliance with ethical values in Türkiye's independent audit processes is debatable, the situation has improved over the years as the number of professionals in the field has increased. The key is establishing proper communication between the institution and the independent auditor during the audit process. For example, a dinner invitation may seem harmless, but it could cast doubt on the auditor's independence. The auditor must carefully assess this distinction."

Another participant (P.6) emphasized that ethical values

should be applied in accordance with the nature of the profession and societal moral values. He/she stated, "Professionals must apply occupational ethics in a way that aligns with the characteristics of their profession and the moral values of the society they live in," and he also pointed to the importance of relevant legal regulations.

## **5. Conclusion**

Independent auditing is a critical factor in enhancing institutional and public trust in the area or subject under audit. These practices contribute to more accurate and objective decision-making by increasing the reliability of financial reporting. They also play a significant role in assessing institutional compliance with international standards. The necessity and importance of independent auditing are now beyond dispute. Code of ethics in independent auditing are now recognized as crucial to making auditing more effective, preserving and enhancing professional standards, and increasing public and institutional trust in auditing. In this context, this study evaluated the independent audit process, the qualifications required of auditors, and code of ethics in independent auditing based on experts' views who have received training or conducted studies in this field. In this context, the independent audit process, the qualifications auditors are expected to possess, and the Code of Ethics in independent auditing were evaluated based on the views of experts who have received training and/or conducted studies in this field. The research was conducted using a qualitative design, and the data obtained from semi-structured interviews were analyzed through word frequency and descriptive analysis using NVivo 15. The participants consisted of academics, sworn-in certified public accountants, and audit professionals from the public and private sectors. An evaluation of participants' views revealed that independent auditing particularly enhances the reliability of financial reports and contributes to decision-making processes. Another significant finding is that independent auditing increases investor confidence by ensuring compliance with the International Standards on Auditing. The quality and reliability of the audit process are closely linked to the qualifications of independent auditors. Similarly, Polat et al. (2024) demonstrate that auditors' level of knowledge influences both their attitudes toward problems encountered in auditing and the nature of those problems. Accordingly, the present study suggests that as the level of knowledge increases, the effectiveness and efficiency of auditing improve. However, the findings also indicate that although the theoretical knowledge level is relatively high, there are deficiencies in practice-oriented competencies. Barrainkua and Espinosa-Pike (2018) emphasize the importance of auditors' commitment to ethical values, yet note that as auditors gain more experience, there is a decline in these professional values; therefore, they argue that issues such as recruitment and professional training should be prioritized. The findings of this study also support this perspective. Financial statements, which are complex and require

technical and professional expertise to interpret and report, necessitate that auditors be well educated. Furthermore, considering the technological ecosystem of today's business environment, the results indicate that, in addition to conventional training, knowledge and competence in technology are both significant and necessary. Participants highlighted the importance of the professional training provided by the KGK and stated that digital auditing competencies should be included among the minimum qualifications. The participants also drew attention to issues such as auditors' possession of sufficient experience and knowledge, the adequacy of the infrastructure and the competencies of auditors using that infrastructure, and the prioritization of preventing conflicts of interest. In addition, an examination of word frequency reveals that terms such as training, professional competence, and independence appear frequently. Biçer (2012), who analysed the challenges and problems experienced in auditing and the implementation of standards, identifies the following as major issues in independent auditing and the application of financial reporting standards: the weakness of transparency and partnership culture, the predominance of tax-oriented accounting practices, the perception that investments in reporting and information are unnecessary and therefore given insufficient importance, the inadequacy of accounting system infrastructures and high levels of informality, the practical difficulties in implementing international financial reporting standards, insufficient demand for independent auditing, deficiencies in competence and training, the ineffectiveness of internal controls in firms, the limited operational effectiveness of regulatory bodies, price pressures, and the resulting challenges to auditor independence. Similarly, Evci (2008) evaluates, in terms of auditing and the application of standards, the inadequacy of accounting information system infrastructures, compliance problems arising from tax legislation, insufficient internal controls, low demand for auditing services, the shortage of qualified staff, and the complexity of the financial reporting system as major challenges, and further finds that auditors possess high levels of theoretical knowledge but lower levels of practical knowledge. In another study, Ardelean (2013) demonstrates that potential conflicts of interest may adversely influence auditors' judgments and thereby undermine public trust. The results of the present study are consistent with these findings. In particular, there appears to be no doubt that the Code of Ethics constitutes the fundamental cornerstone of the independent audit process. Participants clearly expressed that the existence of ethical principles is a key element for the reliability and accuracy of the independent auditing process. They stated that close auditor-client relationships and "client transfer" practices (i.e., auditors moving into managerial or financial roles within firms they previously audited) pose a risk of conflict of interest; even minor gestures (e.g., invitations) may damage the perception of independence, and thus regulatory improvements were proposed in these areas. Another conclusion of the research is the necessity of providing continuous training to auditors to ensure that the

independent auditing process, and the ethical principles which are one of its key elements, can be effectively applied to the ever-evolving business environment. In addition to such training, necessary regulations should be implemented to both enhance professional reputation and ensure credibility. In particular, regulations concerning potential conflicts of interest that may arise between auditors and audited companies will be critically important. Moreover, with IFRS harmonization processes, it has been observed that the scope and usability of audit reports have expanded, and independent auditing has increased investor confidence and improved the quality of decisions in the market. Overall, an evaluation of the research findings shows that there is no doubt about the importance and necessity of independent auditing; that independent auditing is more reliable when conducted in accordance with the Code of Ethics; and that this, in turn, will enhance confidence in the resulting reports and have a positive impact on financial markets. In addition, based on both the review of the literature and the participants' evaluations, the following recommendations can be made to address the problems encountered during the implementation of financial reporting standards and auditing standards:

\*In collaboration with the KGK, TÜRMOB, and universities, professional training and qualifications should be increased, and technological infrastructure should be strengthened to support auditors and company employees.

\*Internal control mechanisms should be established, legal regulations enacted, and minimum fee practices defined to prevent potential conflicts of interest arising from minor gestures or fee pressures in relationships between audit firms/auditors and audited entities.

\*Firms' awareness of independent auditing should be increased to raise demand for such services, and firms should be supported to overcome the challenges experienced during the transition to financial reporting standards.

\*Guidance activities should be carried out to enhance the effectiveness of internal control systems, and digital infrastructures should be expanded.

\*To address the shortage of qualified personnel, improvements should be made in terms of employee benefits, career opportunities, and remuneration to make the profession more attractive.

\*The complexity of regulatory frameworks should be mitigated and harmonized.

\*Furthermore, future research would benefit from designs that include larger and more diverse samples and examine in detail topics such as ethical dilemmas, threats to independence, the impact of digital auditing competencies on audit quality, the role of internal control, and the effect of digital infrastructure.

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