ISSN: 2230-9926

Available online at http://www.journalijdr.com

IJDR

International Journal of Development Research
Vol. 15, Issue, 11 pp. 69489-69509, November, 2025
https://doi.org/10.37118/ijdr.30313.11.2025

REVIEW ARTICLE OPEN ACCESS

DEVELOPING AN INTELLIGENT FRAMEWORK FOR REMOTE DIGITAL AUDITING TO ENHANCE AUDIT QUALITY: A COMPARATIVE EMPIRICAL STUDY FROM EGYPT'S PUBLIC AND PRIVATE SECTORS

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ARTICLE INFO

Article History:
Received 19th August, 2025
Received in revised form
20th September, 2025
Accepted 09th October, 2025
Published online 30th November, 2025

KeyWords:
Remote Auditing, Digital Audit, Professional Judgment, Audit Quality, Public Sector, Private Sector, Egypt, Regulatory Framework, Intelligent Systems.

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ABSTRACT

Purpose: This study aims to develop an intelligent, adaptable framework for remote digital auditing to enhance audit quality in both public and private sectors in Egypt, responding to the increasing need for digital transformation and regulatory modernization in audit practices. Design, ***Methodology, and Approach:*** A comparative empirical methodology was adopted, involving a structured survey distributed to external auditors across public and private audit environments in Egypt. Quantitative data were analyzed to assess the impact of client geographical separation, remote audit technologies, and institutional readiness on the quality of professional judgment. Statistical analysis (using SPSS) validated the model's constructs and relationships. ***Findings:*** The results demonstrate significant disparities in technological readiness and audit quality outcomes between public and private sectors. Remote digital auditing, when supported by proper regulatory and technical infrastructure, enhances the quality of auditors' professional judgment, especially in geographically dispersed settings. The study proposes an integrated framework based on digital audit platforms, cloud computing, and adaptive oversight mechanisms. ***Originality and Value:*** This is among the first empirical studies in Egypt to propose a unified framework for remote digital auditing applicable to both sectors. The study bridges a research-policy gap and lays a foundation for legal and institutional reforms. Theoretical, Practical, and ***Social Implications:*** Theoretically, the framework expands current audit quality literature by integrating smart audit tools. Practically, it offers regulators (e.g., FRA, ASA) a viable model for digital audit legislation. Socially, it contributes to greater transparency and audit accessibility across Egypt's diverse regions.

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Citation: Amin ElSayed Ahmed Lotfy. 2025. "Developing an Intelligent Framework for Remote Digital Auditing to Enhance Audit Quality: A Comparative Empirical Study from Egypt's Public and Private Sectors". *International Journal of Development Research*, 15, (11), 69489-69509.

INTRODUCTION

In recent years, the global auditing landscape has witnessed a significant transformation driven by technological advancement, regulatory pressures, and the increasing complexity of financial systems (Alles, 2015; Teeter *et al*., 2010). One of the most profound shifts has been the adoption of Remote Digital Auditing (RDA), which leverages cloud-based platforms, real-time data access, and intelligent audit tools to conduct audits without physical presence (Ismanidar *et al*., 2022; Maksum *et al*., 2022). The COVID-19 pandemic served as a major catalyst, accelerating the shift towards virtual audits across both developed and developing economies (Farcane *et al*., 2023; Lorentzon *et al*., 2024). In developed countries, regulatory bodies such as the Public Company Accounting Oversight Board (PCAOB) in the U.S. and the Financial Reporting Council (FRC) in the U.K. have recognized the strategic importance of remote auditing and have published frameworks supporting its implementation (PCAOB, 2021; FRC, 2022). These frameworks emphasize the importance of auditor independence, technological competence, and data governance. Empirical evidence suggests that when properly structured, remote audits can enhance audit quality and efficiency (Choi *et al*., 2017; Beck *et al*., 2019; Francis *et al*., 2022). In the Egyptian context, however, remote digital auditing is still in its infancy, lacking comprehensive regulatory recognition and standardized practices (Ibrahim, 2024; Hamid *et al*., 2021). Most public sector auditing is conducted traditionally through on-site methods, which are resource-intensive and inefficient in geographically dispersed regions (Harymawan *et al*., 2023). Moreover, limited digital infrastructure, especially within public entities, and the absence of unified protocols have contributed to inconsistencies in audit quality (Mustafa, 2021; El-Sakka, 2023). Additionally, professional judgment — a critical component of audit quality — is increasingly influenced by auditors' ability to access, analyze, and interpret digital evidence remotely (Zaitoun& Eissa, 2017; Thompson, 2022). Recent

studies have highlighted both the opportunities and risks associated with digital auditing, including concerns over data security, loss of human interaction, and challenges in applying skeptical inquiry remotely (Li *et al*., 2024; Jin *et al*., 2022).

Statement of the Problem

Despite the rapid global shift toward remote digital auditing, many emerging economies—particularly Egypt—continue to face critical institutional and regulatory limitations that hinder effective implementation. While developed countries have formalized frameworks, standards, and audit technologies that support remote engagements (FRC, 2022; PCAOB, 2021), Egypt still lacks a comprehensive legal or operational framework that formally recognizes and governs remote digital auditing practices (Ibrahim, 2024). This absence creates ambiguity for audit practitioners and public oversight bodies alike, particularly in environments characterized by limited infrastructure, decentralized entities, and varying levels of technological readiness (Hamid *et al*., 2021). The problem becomes more pressing given that many public and private organizations in Egypt operate in geographically dispersed areas, yet require efficient, high-quality audit services. Moreover, the professional judgment of auditors—a key determinant of audit quality—is susceptible to erosion when remote audit methods are applied without standardized protocols, structured training, or digital oversight mechanisms (Thompson, 2022; Jin *et al*., 2022). This raises serious concerns about audit consistency, ethical compliance, and the protection of public interest.

Research Objectives

The primary objective of this study is to develop and empirically validate an intelligent framework for remote digital auditing that enhances audit quality through improved professional judgment in both public and private sectors in Egypt. This objective responds to the urgent need for modernization in audit oversight and digital infrastructure (Ibrahim, 2024; Farcane *et al*., 2023).

To achieve this, the study aims to:

- Examine the impact of client geographical dispersion and digital infrastructure readiness on audit quality in remote settings (Hamid *et al*., 2021).
- Analyze the differences in remote audit practices between public and private entities in Egypt (Harymawan *et al*., 2023).
- Identify key barriers to effective remote auditing implementation in the Egyptian context (Jin *et al*., 2022).
- Design a smart, adaptable framework that integrates digital tools, regulatory components, and professional standards.
- Offer actionable recommendations for regulatory bodies to adopt remote digital auditing as a complementary approach to traditional audits (PCAOB, 2021).

Research Questions

To achieve the stated objectives, the study seeks to answer the following key research questions:

- To what extent does geographical dispersion of audit clients affect audit quality in remote digital environments in Egypt?
- How does technological readiness differ between public and private sectors in supporting remote digital auditing?
- What are the main institutional and regulatory barriers that hinder the implementation of remote digital auditing in Egypt?
- How does remote digital auditing influence the quality of auditors' professional judgment in the absence of physical presence?
- What components should be included in an intelligent framework to ensure effective and scalable remote digital auditing across sectors?

Research Significance: This study holds both theoretical and practical significance, particularly as remote digital auditing (RDA) gains momentum in response to technological shifts and post-pandemic realities (Alles, 2015; Farcane *et al*., 2023). While RDA is increasingly integrated in developed economies (PCAOB, 2021; FRC, 2022), emerging markets such as Egypt still struggle with fragmented regulatory structures, infrastructure gaps, and inconsistent adoption (Ibrahim, 2024; El-Sakka, 2023). Theoretically, the research enriches the audit quality literature by focusing on how professional judgment is shaped within a digital audit context—an area underexplored in MENA-region studies (Thompson, 2022; Jin *et al*., 2022). The proposed intelligent framework bridges concepts from auditing theory, information systems, and regulatory policy, contributing to multidisciplinary scholarship (Beck *et al*., 2019; Alles & Gray, 2020). Practically, the study offers a viable model for Egypt's audit institutions to adopt structured, scalable, and secure remote auditing mechanisms, which can help overcome limitations related to geographical dispersion, staff shortages, and public accountability gaps (Hamid *et al*., 2021; Mustafa, 2021). Furthermore, it provides a blueprint for potential regulatory decrees to be considered by the Financial Regulatory Authority (FRA) and the Central Auditing Organization (CAO).

Structure of the Study: This research paper is organized into ten structured chapters, followed by references and appendices, as follows:1.Introduction, 2.Literature Review, 3.Theoretical Framework, 4.Research Methodology, 5.Results and Analysis, 6.The Proposed Intelligent Framework, 7. Case Studies, 8.Discussion and Interpretation, 9.Policy and Practical Implications and Recommendations, 10.Conclusion and Future Directions.

LITERATURE REVIEW

Global Perspectives on Remote and Digital Auditing: The landscape of auditing has undergone a transformative shift in recent years, driven by advances in digital technologies, increased expectations for transparency, and the need for operational continuity—especially in response to global disruptions like the COVID-19 pandemic (FRC, 2022; Alles, 2015). One of the most prominent evolutions has been the development and adoption of Remote Digital Auditing (RDA), which enables auditors to perform audit tasks without being physically present at the client's location through the use of cloud computing, real-time data sharing, blockchain, and AI-driven tools (Ismanidar *et al*., 2022). In developed economies, regulatory institutions such as the Public Company Accounting Oversight Board (PCAOB) in the United States and the Financial Reporting Council (FRC) in the United Kingdom have provided detailed guidance to support the integration of digital audit practices into existing standards (PCAOB, 2021; FRC, 2022). These frameworks highlight the importance of data integrity, cybersecurity, auditor independence, and digital competence in the effective implementation of remote auditing processes (Beck *et al*., 2019).

Empirical studies from countries like Germany, Canada, and Australia suggest that digital audit environments can enhance audit quality by improving documentation, reducing human error, and enabling real-time risk assessment (Choi *et al*., 2017). For instance, audit firms in Canada have adopted AI-based tools for fraud detection and substantive testing, while in Germany, cloud-based audit platforms have improved coordination across geographically dispersed teams (Francis *et al*., 2022). However, despite the global momentum, there remain significant challenges. These include disparities in digital maturity between audit firms, increased concerns over data privacy and security, and the need for legal frameworks that recognize digital audit outputs as legally binding (Jin *et al*., 2022). Moreover, some critics argue that remote auditing could limit the auditor's professional skepticism and judgment due to reduced physical interaction with client environments (Thompson, 2022). Nevertheless, there is growing consensus that RDA is not merely a temporary response to crises, but a strategic evolution in audit practice. International bodies such as the International Auditing and Assurance Standards Board (IAASB) have begun integrating digital auditing considerations into revisions of core standards (IAASB, 2023). This suggests a long-term shift toward hybrid audit models that combine remote and traditional techniques.

Regional and Egyptian Literature on Remote Auditing: The literature on remote and digital auditing in the Middle East and North Africa (MENA) region is still emerging but has grown in response to digital transformation agendas and post-pandemic pressures. In contrast to developed markets, remote auditing practices in the region face structural, legal, and capacity-related challenges (Ibrahim, 2024; El-Sakka, 2023). Many audit firms, particularly in Egypt, are still heavily reliant on manual procedures and on-site verification, which impedes scalability and efficiency (Hamid *et al*., 2021). Several Egyptian studies highlight the lack of regulatory clarity around remote auditing. For instance, Mustafa (2021) notes that the Egyptian regulatory framework does not yet formally recognize remote audit outputs, which poses risks for legal accountability and the enforceability of audit conclusions. Moreover, professional standards issued by national institutions have not yet been updated to reflect digital audit technologies or remote verification methods (Ibrahim, 2024). At the institutional level, public audit bodies such as the Central Auditing Organization (CAO) continue to operate under legacy audit models that emphasize manual review and physical access. This traditional orientation contributes to delayed audit cycles, particularly in decentralized and rural government units, where remote auditing could offer clear advantages (Harymawan *et al*., 2023). Regionally, countries like the United Arab Emirates and Saudi Arabia have made notable progress in integrating digital audit systems through e-government strategies and partnerships with global audit firms (Al-Shehhi *et al*., 2022). However, even in these countries, concerns persist regarding data security, training of auditors, and audit independence, especially in remote settings (Zaitoun& Eissa, 2017). In Egypt, most digital audit tools are still in pilot stages and have not been institutionalized at scale. Studies by Hamid *et al*. (2021) and El-Sakka (2023) show that despite recognition of the value of digital transformation, practical implementation remains limited due to financial constraints, lack of IT infrastructure in public entities, and low digital literacy among auditors.

Impact of Digital Audit Tools on Audit Quality: The adoption of digital audit tools—such as artificial intelligence (AI), blockchain, data analytics, and robotic process automation (RPA)—has revolutionized how auditors collect evidence, evaluate risks, and form audit opinions. These tools enhance audit efficiency, increase the depth and breadth of testing, and strengthen the auditor's ability to detect anomalies or fraud in large datasets (Alles & Gray, 2020; Kachelmeier *et al*., 2021). Audit quality is typically assessed by factors such as accuracy of opinion, detection of material misstatements, compliance with standards, and timeliness of reporting (IAASB, 2023). Digital tools support these dimensions by automating complex calculations, analyzing full populations of transactions (rather than samples), and visualizing risk hotspots in real-time (Appelbaum *et al*., 2017). For example, AI can be used to detect irregular journal entries, while blockchain allows for immutable and traceable audit trails. Studies have shown that the integration of data analytics significantly reduces the risk of overlooking material misstatements, especially in high-volume industries such as banking and retail (Moffitt &Vasarhelyi, 2013; Brown-Liburd *et al*., 2015). Furthermore, RPA can improve the consistency of audit procedures and eliminate human error in repetitive audit tasks. However, the use of digital tools also raises challenges for audit quality. These include dependence on reliable IT infrastructure, auditor training, and ensuring the interpretability of algorithm-based decisions (Jin *et al*., 2022). In environments lacking technological readiness, tools may be misapplied or underutilized, which can create false confidence in audit outputs (Yoon *et al*., 2021). Additionally, some scholars argue that over-reliance on automated tools may erode professional judgment and reduce auditors' sensitivity to contextual nuances that require human skepticism (Thompson, 2022). Thus, high audit quality in the digital era depends on blending technological tools with professional insight, ethical rigor, and regulatory oversight.

Professional Judgment in Remote Audit Environments: Professional judgment is central to audit quality, as it guides auditors in making informed decisions under uncertainty, particularly when evaluating estimates, assessing risk, and determining materiality (Knechel *et al*., 2012; Nelson, 2009). In traditional audit settings, this judgment is shaped not only by data and documentation but also by the auditor's physical presence, observations, and interpersonal interactions with client personnel. However, the transition to remote digital audit environments introduces unique challenges that may impact the consistency, depth, and ethical quality of professional judgment (Thompson, 2022). When auditors are separated from the client site, they may have limited access to informal cues, organizational culture, and contextual details that often inform risk assessment and fraud detection (Jin *et al*., 2022). Scholars have raised concerns that remote communication tools such as video calls or emails may constrain the auditor's ability to probe deeply, sense reluctance, or identify inconsistencies in management responses (Downey & Bedard, 2021). In-person cues—such as body language, tone, and immediacy of response—often contribute to the auditor's holistic understanding of audit risk (Brown-Liburd &Vasarhelyi, 2015). Moreover, audit firms may rely more heavily on standardized checklists and automated documentation tools in remote audits, which may reduce professional skepticism or result in procedural compliance rather than substantive inquiry (Alles & Gray, 2020). While these tools enhance efficiency, they risk turning judgment into a mechanical process. Despite these challenges, some research suggests that professional judgment can remain robust in remote contexts if supported by appropriate training, digital audit frameworks, and ethical guidance (IAASB, 2023). Structured digital workflows can also reduce cognitive overload, ensure consistency in audit planning, and allow auditors to revisit decisions with digital audit trails (Appelbaum *et al*., 2017).

Regulatory Frameworks and Institutional Readiness for Remote Digital Auditing: The effective implementation of remote digital auditing (RDA) depends not only on technology but also on the existence of clear regulatory frameworks and a supportive institutional environment. In developed countries, regulatory bodies such as the International Auditing and Assurance Standards Board (IAASB), Public Company Accounting Oversight Board (PCAOB), and Financial Reporting Council (FRC) have made substantial progress in adapting audit standards to accommodate digital tools, remote verification, and real-time reporting (IAASB, 2023; PCAOB, 2021; FRC, 2022). These frameworks emphasize critical elements such as data governance, cybersecurity, auditor responsibility, documentation protocols, and cross-border digital access (Beck *et al*., 2019). For example, the IAASB's revised guidelines promote digital audit trails, integrated analytics, and remote audit evidence as valid components of audit quality assessments. However, in emerging markets such as Egypt, regulatory systems are still in early stages of adaptation. The Egyptian Financial Regulatory Authority (FRA) and the Central Auditing Organization (CAO) have not yet fully incorporated digital audit procedures into national auditing standards (Ibrahim, 2024; El-Sakka, 2023). Moreover, legal recognition of digital

signatures, audit trails, and AI-supported audit outputs remains ambiguous, limiting the enforceability of remote audits in legal and compliance contexts (Mustafa, 2021). From an institutional readiness perspective, challenges persist at both public and private levels. Many audit institutions lack trained personnel, secure digital infrastructure, and integrated data systems capable of supporting remote workflows (Hamid *et al*., 2021). This is compounded by budget constraints, resistance to change, and limited coordination between regulators and audit firms (Harymawan *et al*., 2023). In contrast, countries like Estonia and Singapore have successfully implemented full-cycle remote audit frameworks, thanks to strong digital governance, integrated databases, and proactive regulatory reforms (Alles, 2015; Al-Shehhi *et al*., 2022). These cases demonstrate that readiness is not purely a function of wealth but also of policy commitment and institutional agility.

Gaps in Egyptian Audit Legislation and Oversight Practices: Despite Egypt's efforts to modernize its financial and audit systems, its current legislative and oversight frameworks remain ill-equipped to accommodate the demands of remote digital auditing (RDA). Several critical gaps hinder the institutionalization and legal recognition of digital audit practices, thereby limiting their application in both public and private sectors (Ibrahim, 2024; Mustafa, 2021) as shown in table No (1).

Legislative Gaps: Egyptian audit laws, such as the unified public finance law and statutes regulating the Egyptian Financial Regulatory Authority (FRA) and the Central Auditing Organization (CAO), still rely heavily on traditional audit practices (El-Sakka, 2023). There is no legal recognition of remote audit procedures, digital audit trails, or AI-supported audit evidence.

Standardization Gaps: There is an absence of national standards or technical guidelines integrating digital tools into audit procedures. Current standards focus on physical documentation, manual testing, and site visits (Hamid *et al*., 2021).

Oversight Gaps: Regulatory oversight bodies such as FRA and CAO lack specific supervisory mechanisms for monitoring or assuring the quality of remote audits. Audit quality inspections do not currently evaluate digital compliance or remote verification protocols (Harymawan *et al*., 2023).

Professional Capacity Gaps: A shortage of trained auditors with competencies in data analytics, cybersecurity, and AI hinders effective implementation of RDA (Jin *et al*., 2022; Brown-Liburd &Vasarhelyi, 2015). This is particularly severe in government audit units.

Legal Enforceability Gaps: Digital audit findings and signatures are not yet admissible in courts or regulatory disputes as formal evidence, reducing the authority of remote audits in accountability frameworks (Mustafa, 2021).
To clarify these gaps and the contributions of this paper, the following table summarizes the challenges and how this study addresses them:

Table 1. Gaps in Egyptian Audit Environment vs. Contributions of the Study

Area	Identified Gap	Contribution of the Study
Legislation	No formal recognition of remote audit processes	Proposes legal reforms and decree articles for FRA and CAO to institutionalize RDA
National Audit Standards	Lack of digital audit procedures	Develops a smart framework integrating digital tools into audit planning and testing
Regulatory Oversight	No digital-specific inspection or monitoring mechanisms	Offers a model for digital oversight criteria and performance indicators
Auditor Capacity	Lack of training in digital skills	Recommends competency frameworks and training modules for digital auditors
Legal Evidence Recognition	Digital outputs not admissible in legal settings	Advocates for law amendments recognizing digital audit records and signatures

Theoretical Framework

Audit Quality Models: Audit quality is a multidimensional concept that has been the subject of considerable academic attention. Theoretical models of audit quality provide structured frameworks for understanding the factors that influence audit outcomes and how various inputs—such as auditor behavior, firm structure, and regulatory environment—affect audit effectiveness (Francis, 2011; Knechel *et al*., 2013).

DeAngelo's Economic Model (1981): DeAngelo (1981) defines audit quality as the probability that an auditor will both detect and report material misstatements in a client's financial statements. This model emphasizes auditor independence and audit firm size as proxies for quality. Larger firms are assumed to be more independent and capable due to reputational concerns and more resources.

- Relevance to digital audit: Digital tools can increase detection probability, but reporting remains influenced by auditor integrity and regulatory support.

Francis Model (2011)

Francis (2011) expands the understanding of audit quality by categorizing its drivers into six broad factors:

- Auditor Inputs (skills, training, ethics)
- Audit Process (planning, execution, tools)
- Firm-Level Factors (leadership, culture)
- Regulatory Environment
- Client Characteristics
- Audit Outcomes (accuracy, restatements, compliance)

This model provides a holistic view of audit quality and highlights the interaction between institutional forces and auditor behavior.

Knechel *et al*.'s Framework (2013)

Knechel *et al*. (2013) introduce a process-based approach, viewing audit quality as a result of the interaction between audit inputs, processes, and outputs. They emphasize that audit judgment is central, particularly in high-risk areas such as estimates, fraud risk, and remote work environments.

- Relevance to remote audits: This model supports evaluating how digital processes and tools affect decision-making quality.

IAASB's Framework (2014, revised 2023)

The IAASB's framework defines audit quality in terms of value to stakeholders, and identifies three pillars:

- Inputs (skills, ethics)
- Process (standards compliance)
- Outputs (report usefulness)

In its 2023 update, the IAASB emphasized technology integration, especially in digital audits and data analytics (IAASB, 2023).

Eilifsen and Willekens (2008)

This model focuses on risk-based auditing, highlighting how auditors adapt procedures in response to the perceived risk environment. With remote auditing, understanding client risk profiles digitally is a major concern.
Table No. (2) presents summary core audit quality models

Table No 2. Summary Table: Core Audit Quality Models

Model	Core Focus	Link to Remote Digital Auditing
DeAngelo (1981)	Independence and detection/reporting	Digital detection enhanced; reporting still judgment-based
Francis (2011)	Comprehensive multidimensional drivers	Emphasizes institutional readiness and process quality
Knechel *et al*. (2013)	Process-based interaction model	Audit judgment is affected by remote tools and inputs
IAASB (2014/2023)	Stakeholder value, compliance, outputs	Recognizes technology and digital assurance frameworks
Eilifsen&Willekens (2008)	Risk adaptation and audit evidence	Risk assessment must be digitally redefined in remote audits

These models inform the theoretical foundation for assessing how remote digital auditing influences audit quality, especially through professional judgment, digital inputs, and evolving oversight mechanisms.

3.2 Remote Auditing Conceptual Frameworks

As digital transformation accelerates, remote auditing has evolved from a contingency response (e.g., during COVID-19) into a permanent operational model for many audit firms and regulators. The conceptualization of remote auditing extends beyond geographical dispersion—it involves a systemic shift in the delivery, evaluation, and assurance of audit evidence via digital means (Appelbaum *et al*., 2017; IAASB, 2023).

Core Elements of Remote Auditing Frameworks

Most conceptual frameworks for remote auditing emphasize four key components (Alles & Gray, 2020):

- Digital Evidence Acquisition – use of portals, cloud-based ERP systems, and APIs to extract client data in real-time.
- Remote Communication – reliance on video conferencing, secure messaging, and collaborative documentation tools.
- Data-Driven Analytics – integration of AI and analytics tools for anomaly detection and risk profiling.
- Cybersecurity & Authentication – ensuring data integrity, secure access, and identity verification.

These frameworks redefine how audit teams conduct risk assessments, sampling procedures, and fraud detection remotely (Brown-Liburd &Vasarhelyi, 2015).

Institutional and Environmental Factors: Conceptual models also account for regulatory, organizational, and cultural readiness. For example, Yoon *et al*. (2021) proposed a framework that evaluates auditor performance in remote audits based on digital fluency, regulatory support, and infrastructure.

- Egyptian Relevance: In Egypt, many public audit institutions operate in environments with weak infrastructure and limited remote access protocols, which inhibits the full adoption of remote audit frameworks (Ibrahim, 2024; El-Sakka, 2023).

Smart Audit Frameworks Integration: Smart audit frameworks—building on remote auditing—integrate real-time data analytics, AI-enhanced procedures, and predictive risk modeling. Jin *et al*. (2022) emphasize that smart frameworks must be adaptive, scalable, and ethically guided to ensure quality under remote conditions. These models offer not only audit automation, but also context-aware decision support, especially valuable in settings where professional judgment may be challenged by the lack of physical interaction. Table No. (3) presents key conceptual framework of remote auditing

Table No. 3. Key Conceptual Frameworks of Remote Auditing

Framework	Key Focus	Applicability to Egypt
Alles & Gray (2020)	Remote digital tools and infrastructure	Highlights digital acquisition and communication limitations
Brown-Liburd &Vasarhelyi (2015)	AI and big data in remote auditing	Supports fraud detection in large government entities
Yoon *et al*. (2021)	Auditor readiness and regulation	Stresses gaps in Egyptian institutional and digital capacity
Jin *et al*. (2022)	Smart audit integration	Introduces adaptive audit models for decentralized settings
IAASB (2023)	Global assurance standards	Urges standard alignment with digital audit environments
Ibrahim (2024)	Local policy constraints	Details structural and legal gaps in Egypt
El-Sakka (2023)	Public sector audit transformation	Advocates for digitization in government oversight

Integration with Professional Skepticism and Ethical Compliance: Professional skepticism and ethical compliance are cornerstones of audit quality, and their relevance is magnified in the context of remote digital auditing. As auditors rely increasingly on digital tools and remote communications, concerns arise regarding how these technologies may alter or undermine auditors' ability to exercise appropriate skepticism and maintain ethical standards (IAASB, 2023; Nelson, 2009).

Nature of Professional Skepticism: Professional skepticism is defined as an attitude that includes a questioning mind and a critical assessment of audit evidence (Hurtt, 2010). It is crucial for detecting misstatements, challenging management assertions, and ensuring audit independence. However, the lack of physical presence in remote audits may diminish exposure to non-verbal cues, client behaviors, or environmental red flags that often inform skepticism (Downey & Bedard, 2021).

- In remote contexts, auditors must compensate for informational loss by relying on alternative evidence forms, data analytics, and structured risk indicators (Jin *et al*., 2022).

Ethical Compliance in Digital Auditing

Remote digital audits require strict adherence to ethical standards, including:

- Integrity (truthfulness, completeness),
- Objectivity (freedom from bias),
- Confidentiality (data protection), and
- Professional competence (up-to-date digital skills) (IESBA, 2022).

Digital platforms introduce new risks such as cyber breaches, data manipulation, and algorithmic bias, which demand enhanced ethical awareness and internal controls (Alles & Gray, 2020; Yoon *et al*., 2021).

- For example, overreliance on AI-generated evidence may obscure underlying assumptions or errors in data models (Appelbaum *et al*., 2017).

Theoretical Integration

Models of audit behavior, such as the Tripartite Model of Ethical Decision-Making (Rest, 1986), suggest that ethical compliance in auditing depends on:

- Moral awareness,
- Moral judgment,
- Moral intent, and
- Moral action.

In a remote digital context, each step is subject to new variables—such as interface design, system alerts, or data visualization—which may aid or hinder ethical performance.

Egyptian Context and Contribution

In Egypt, the ethical code for auditors under the FRA and CAO has not yet incorporated digital conduct standards, leaving gaps in how ethical responsibilities are interpreted in remote engagements (El-Sakka, 2023; Ibrahim, 2024).

This study contributes by proposing an integrated framework where skepticism and ethics are embedded into digital audit workflows, via:

- Decision-tree logic for skeptical review,
- Mandatory documentation of anomalies,
- Real-time ethics compliance prompts within audit platforms.

Role of Intelligent Systems in Decision Support

In the context of remote digital auditing, intelligent systems such as Artificial Intelligence (AI), Machine Learning (ML), and robotic process automation (RPA) play a transformative role in enhancing auditor decision-making. These technologies not only improve efficiency and accuracy but also offer real-time decision support in complex audit environments (Appelbaum *et al*., 2017; Zhang *et al*., 2022).

Nature of Decision Support in Auditing: Auditor decision-making involves selecting appropriate audit procedures, interpreting evidence, and exercising professional judgment under uncertainty. Traditional audit relies heavily on human expertise. However, remote audits challenge access to real-time evidence, increase data complexity, and demand faster responses—therefore requiring digital augmentation (Alles & Gray, 2020).

Types of Intelligent Audit Systems

- Expert Systems: Encode audit knowledge and suggest procedures based on historical patterns (Brown-Liburd &Vasarhelyi, 2015).
- Predictive Analytics: Use AI to detect anomalies and flag risk areas for further investigation (Jin *et al*., 2022).
- Decision Trees & Neural Networks: Model complex judgment structures to guide auditor responses (Yoon *et al*., 2021).

These systems reduce cognitive burden, standardize risk assessments, and can alert auditors to inconsistencies or outlier behaviors, thus supporting skepticism and ethical reasoning (IAASB, 2023).

Human-Machine Collaboration

While intelligent systems support judgment, they do not replace human auditors. Instead, collaborative intelligence—the fusion of human intuition and machine learning—offers the best outcomes (Zhang *et al*., 2022). Audit platforms can, for instance:

- Recommend audit steps,
- Auto-summarize documents,
- Generate alerts based on behavioral patterns.

Egyptian Context and Integration Challenges

In Egypt, audit institutions face challenges in deploying intelligent systems due to:

- Limited digital infrastructure,
- Lack of trained personnel,
- Legal uncertainty around AI-driven audit outputs (Ibrahim, 2024; El-Sakka, 2023).

RESEARCH METHODOLOGY

Research Design: Comparative Empirical Study

This research adopts a comparative empirical design to evaluate the effectiveness and readiness of remote digital auditing (RDA) frameworks in Egypt, using selected benchmarks from developed countries such as the United States, United Kingdom, and Singapore. The purpose of this design is to generate actionable insights that are both context-specific to Egypt and aligned with international best practices (Yin, 2018; Bryman, 2016).

Research Paradigm: The study follows a positivist paradigm, seeking objective knowledge about the legal, institutional, and technological gaps in Egyptian audit practice. It compares them empirically with digital audit environments in developed markets, using both quantitative and qualitative data (Creswell & Plano Clark, 2018).

Case-Based Comparative Logic

Following Ragin's (2014) case-oriented approach, the study selects Egypt as the primary empirical case and contrasts it with three countries that have achieved varying levels of digital audit maturity. The comparison includes dimensions such as:

- Legal frameworks for remote audits
- Institutional readiness
- Use of intelligent systems
- Audit quality indicators

This logic allows the researcher to trace patterns and divergence, which is critical for policy development and the proposed legislative recommendations.

Empirical Sources

Data are collected from multiple sources:

- Semi-structured interviews with auditors and regulators in Egypt and abroad,
- Document analysis of laws, audit guidelines, and reports,
- Quantitative assessment of audit quality indicators (e.g., restatements, time efficiency).

This mixed-method approach enhances triangulation and improves the reliability of findings (Tashakkori& Teddlie, 2010).

Ethical and Institutional Considerations: The study complies with academic research ethics and received preliminary approval from regulatory representatives within Egypt's FRA and CAO, ensuring alignment with public oversight priorities.

Population and Sample: External Auditors in Public and Private Sectors

The target population of this study includes external auditors from both the public sector (e.g., Central Auditing Organization – CAO, and governmental audit units) and the private sector (e.g., audit firms licensed by the Egyptian Financial Regulatory Authority – FRA). This structure reflects Egypt's dual auditing system, allowing comparison between sectors with different regulatory, technological, and operational environments (El-Sakka, 2023; Ibrahim, 2024).

Population Scope: According to FRA (2023) and CAO reports (2022), the total number of certified external auditors in Egypt with active licenses is approximately 2,150. This includes:

- 600 auditors in the public sector (CAO and other public entities),
- 1,550 auditors in the private sector.

Sampling Method and Size: A stratified random sampling method was applied to ensure balanced representation across both sectors. Based on Cochran's formula and a 95% confidence level, a minimum sample size of 327 respondents was determined (Tashakkori& Teddlie, 2010). After distributing structured questionnaires, 285 complete responses were received and validated, representing an overall response rate of 87.2%, which is considered robust for empirical studies in auditing (Bryman, 2016). Table No. (4) presents population and sample size and responses

Table No 4. Population, Sample Size, and Response Rate

Sector	Total Population	Target Sample	Valid Responses	Response Rate
Public Sector	600	105	93	88.6%
Private Sector	1,550	222	192	86.5%
Total	2,150	327	285	87.2%

Relevance to Study Objectives: The selected sample enables comparison of perceptions, readiness, and challenges between public and private auditors regarding remote digital auditing (RDA). It also allows assessment of how factors such as institutional culture, training, and technological infrastructure differ across sectors (Appelbaum *et al*., 2017; Jin *et al*., 2022).

Data Collection and Instrumentation: This study employed a mixed-methods approach for data collection, combining both quantitative and qualitative techniques to ensure comprehensive understanding and triangulation of results (Creswell & Plano Clark, 2018). The instruments used were carefully designed to align with the research objectives and adapted to Egypt's institutional context.

Quantitative Instrument: Structured Questionnaire: A structured questionnaire was developed based on prior validated audit research tools (Alles & Gray, 2020; IAASB, 2023), and was divided into five thematic sections:

- **Section A:** Demographic data (sector, years of experience, digital literacy, etc.)
- **Section B:** Use and availability of remote digital tools
- **Section C:** Perceptions on audit quality under remote conditions
- **Section D:** Professional skepticism and ethical considerations
- **Section E:** Institutional barriers and regulatory gaps

The questionnaire included Likert-scale items (1–5) and was pre-tested with 15 auditors to ensure clarity and reliability (Cronbach's Alpha > 0.85).

Qualitative Instrument: Semi-Structured Interviews

In-depth interviews were conducted with 12 key informants from:

- The FRA and CAO,
- Senior partners in private audit firms,
- IT audit specialists.

The interviews followed a semi-structured protocol to explore areas beyond the closed survey items—such as challenges of ethics, digital readiness, and legislative reform (Bryman, 2016; Ibrahim, 2024).

Measurement of Key Variables

The empirical study relies on four primary constructs: Audit Quality (AQ), Professional Judgment (PJ), Digital Audit Readiness (DAR), and Geographic Separation Index (GSI). Each construct was operationalized based on established models and adapted for the Egyptian auditing context (Hurtt, 2010; Appelbaum *et al*., 2017; Jin *et al*., 2022; Alles & Gray, 2020).

Audit Quality (AQ)

Audit Quality was measured using a multi-dimensional scale inspired by DeAngelo (1981) and Francis (2011), focusing on:

- Detection of material misstatements
- Audit timeliness
- Audit report transparency
- Use of analytical procedures

Responses were collected using 5-point Likert scale items, with higher scores indicating stronger perceived quality.

Professional Judgment (PJ)

PJ was assessed using adapted items from Hurtt's (2010) professional skepticism framework, focusing on:

- Critical thinking under uncertainty
- Willingness to challenge management assertions
- Ethical awareness during digital procedures

Items were measured using perception-based Likert scales, and reliability exceeded 0.80 (Cronbach's alpha).

Digital Audit Readiness (DAR)

DAR refers to the technological and institutional capability to conduct remote audits. It was measured through three dimensions (Yoon *et al*., 2021; IAASB, 2023):

- Availability of digital infrastructure
- Auditor training and digital literacy
- Support from leadership and policies

Scoring was normalized across public and private sector auditors.

Geographic Separation Index (GSI)

GSI captures the degree of spatial dispersion between the audit team and the client location. It was constructed as a composite indicator based on:

- Frequency of physical site visits
- Reliance on remote data access
- Physical office distance (in km)

Each component was scaled and averaged to derive an index (range 0–1), with higher values indicating greater separation (Alles & Gray, 2020; Ibrahim, 2024).

The Research Hypotheses: Based on the theoretical background, empirical context, and literature reviewed, the study formulates a set of hypotheses to examine the relationships among digital audit readiness (DAR), professional judgment (PJ), geographic separation index (GSI), and audit quality (AQ). These hypotheses are derived from prior frameworks in audit behavior, digital transformation, and audit technology (Appelbaum *et al*., 2017; Alles & Gray, 2020; Hurtt, 2010; Jin *et al*., 2022; Ibrahim, 2024).

Main Hypothesis (H0):

There is no significant relationship between remote digital audit variables and audit quality in the Egyptian auditing environment.
Alternative Hypotheses:

H1: Digital Audit Readiness (DAR) has a positive significant effect on perceived Audit Quality (AQ) among external auditors.(Yoon *et al*., 2021; IAASB, 2023)

H2: Higher levels of Professional Judgment (PJ) are associated with higher Audit Quality (AQ) under remote audit conditions.(Hurtt, 2010; Nelson, 2009)

H3: Geographic Separation Index (GSI) has a negative moderating effect on the relationship between Digital Audit Readiness and Audit Quality.(Alles & Gray, 2020; Jin *et al*., 2022)

H4: The impact of Digital Audit Readiness on Audit Quality is mediated by Professional Judgment.(Appelbaum *et al*., 2017)
Sub-Hypotheses:

- **H1a:** Public sector auditors perceive lower digital audit readiness than private sector auditors.

- **H1b:** Professional skepticism varies significantly between sectors based on digital training.

These hypotheses will be statistically tested using multiple regression and structural equation modeling (SEM) to validate causal paths and moderating effects.

Statistical Tools and Techniques: To test the proposed hypotheses and analyze the empirical data collected, the study employed a set of robust quantitative statistical tools using SPSS version 27. These techniques were selected to ensure accuracy in interpretation, consistency in variable validation, and rigor in examining relationships among constructs (Bryman, 2016; Field, 2018).

Descriptive Statistics: Descriptive analysis was conducted to summarize the respondents' demographic variables, including sector, experience, digital readiness, and prior exposure to remote auditing. Key metrics such as means, standard deviations, skewness, and kurtosis were used to assess the normality and distribution of the data.(Pallant, 2020)

Exploratory Factor Analysis (EFA): EFA was applied to validate the underlying dimensions of the key constructs (Audit Quality, Professional Judgment, Digital Readiness). The Kaiser-Meyer-Olkin (KMO) test and Bartlett's test of sphericity were used to verify sampling adequacy and inter-item correlations.

Factor loadings above 0.60 were retained, confirming internal construct validity.(Hair *et al*., 2019)

Analysis of Variance (ANOVA): One-way ANOVA was used to compare mean differences between public and private sector auditors regarding perceptions of audit quality and readiness.

Post-hoc tests (e.g., Tukey HSD) were applied to detect specific group differences where applicable.(Field, 2018)

Multiple Linear Regression

Regression analysis was used to examine the predictive relationships between the independent variables (Digital Readiness, Professional Judgment, Geographic Separation) and the dependent variable (Audit Quality). The model tested for:

- Linearity
- Multicollinearity (VIF)
- Residual normality
- Model significance (R^2 and p-values)
- (Creswell & Creswell, 2018)

Software Used: All statistical analyses were conducted using SPSS version 27, with reliability and validity assessments conducted before modeling. The software was selected for its robustness, flexibility, and wide academic acceptance.

Proposed smart Framework

Diagrammatic and Narrative Presentation of the Intelligent Framework: This study proposes an Intelligent Framework for Remote Digital Auditing (IF-RDA) designed to enhance audit quality and professional judgment in both public and private sectors in Egypt. The framework is based on integration of AI-driven tools, regulatory alignment, institutional digital readiness, and professional skepticism principles (Appelbaum *et al*., 2017; Hurtt, 2010; Alles & Gray, 2020; IAASB, 2023; Ibrahim, 2024).

Narrative Components of the Framework

Digital Infrastructure Layer

- Includes cloud-based audit platforms, blockchain, secure databases, and remote data acquisition tools.
- Ensures availability and access to real-time data across dispersed audit environments.

Audit Intelligence Layer

- Incorporates AI, mac hine learning, and data analytics to enhance risk assessment and anomaly detection (Appelbaum *et al*., 2017).
- Automates repetitive procedures and provides decision support to the auditor.

Professional Judgment Layer

- Maintains the role of human auditors in exercising ethical reasoning, skepticism, and independence (Hurtt, 2010).
- Supported by training and AI-assisted alerts to reduce bias and cognitive overload.

Regulatory and Ethical Compliance Layer

- Aligns with Egyptian regulatory bodies (FRA, CAO) and international standards (IAASB, 2023).
- Embeds legal validation of digital signatures, remote evidence, and AI outputs.

Feedback and Learning Layer

- Enables real-time feedback, performance analytics, and continuous learning loops to improve audit outcomes (Alles & Gray, 2020; Ibrahim, 2024).

Components of the Proposed Framework: The proposed Intelligent Framework for Remote Digital Auditing (IF-RDA) comprises four interrelated components that operate in synergy to ensure audit quality, ethical compliance, and digital adaptability in Egypt's auditing environment (Appelbaum *et al*., 2017; Alles & Gray, 2020; IAASB, 2023; Jin *et al*., 2022; Ibrahim, 2024) as shown in table no. (5).

Digital Infrastructure & Tools

This layer includes cloud-based audit platforms, secure portals, blockchain, and remote data capture systems. These tools form the technological backbone enabling remote access and automation of audit evidence gathering.

Audit Intelligence Systems

AI-powered modules support judgment through:

- Anomaly detection
- Predictive analytics
- Natural language processing of audit reports

They reduce human error and improve consistency in complex audits (Appelbaum *et al*., 2017).

Human Oversight and Professional Skepticism: Human auditors maintain oversight through ethical judgment and skepticism, guided by international standards (Hurtt, 2010; Nelson, 2009). This layer prevents overreliance on AI, ensuring moral reasoning and independence.

Regulatory Alignment and Continuous Feedback

Framework components are embedded within Egypt's legal and regulatory infrastructure (FRA, CAO), ensuring legitimacy of remote practices. Continuous feedback loops are built to support performance tracking and ongoing professional development (IAASB, 2023).

Table No. 5. Components and Interactions in the Intelligent Audit Framework

Component	Function	Interaction with Other Layers
5.2.1Digital Infrastructure	Enables remote access, automation, and secure data flow	Feeds real-time data into AI systems(5.2.2)
5.2.2Audit Intelligence	Supports decision-making via AI, ML, and analytics	Outputs alerts and recommendations to human auditors (5.2.3)
5.2.3Human Oversight	Applies ethical reasoning and skepticism to AI-supported insights	Validates AI results and filters anomalies for compliance review
5.2.4 Regulatory Integration	Aligns with national standards, feedback loops, and institutional policy	Provides legal boundaries and learning to strengthen all components

Flexibility and Applicability in Public and Private Sectors: The proposed Intelligent Framework for Remote Digital Auditing (IF-RDA) was intentionally designed to be flexible and sector-neutral, ensuring its applicability in both public and private sector audit environments in Egypt. This dual compatibility reflects the structural differences, regulatory mandates, and resource capabilities of each sector (Appelbaum *et al*., 2017; Alles & Gray, 2020; IAASB, 2023; Ibrahim, 2024; Jin *et al*., 2022).

Public Sector Considerations: In the public sector—particularly in institutions like the Central Auditing Organization (CAO)—the framework emphasizes compliance, transparency, and governmental accountability. Key challenges include legacy systems, limited cloud adoption, and restricted legal provisions for remote access. The framework's modularity allows CAO to adopt components progressively (e.g., digital evidence collection before AI analytics), aligned with national laws and audit codes.

Private Sector Considerations: Private audit firms, particularly those serving listed companies and financial institutions, are typically more agile in adopting advanced tools like cloud platforms, AI diagnostics, and blockchain integrations. However, challenges include inconsistency in digital training, and limited oversight on ethical compliance. The framework enables rapid integration into firm-level digital strategies, allowing customization without compromising independence or audit quality.

Case studies analysis

Case Study Analysis – Case 1: Public Sector Procurement Audit

Entity Overview:

Table no (6) presents Analysis of case (1) based on smart framework. The first case focuses on a public procurement unit within a central government ministry in Egypt. The entity was subject to a routine audit by a governmental audit body, under the supervision of the Accountability state Authority (ASA)

Audit Context: The audit was conducted remotely due to regional travel restrictions and pandemic-related controls. The entity handled high-volume procurement tenders using semi-digitized processes and Excel-based tracking tools.

Table No. 6. Analysis of case (1) Based on Framework Components:

Component	Findings
Digital Infrastructure	Partially implemented; emails and Excel were primary tools. No cloud platforms or secure portals.
Audit Intelligence Tools	Not used. All risk assessments and document reviews were performed manually.
Professional Judgment	Relied heavily on auditor's skepticism due to missing or delayed documents.
Regulatory Compliance	The audit met basic legal requirements but lacked digital evidence authentication procedures.
Geographic Dispersion	Remote review hindered site visits and inventory validation.

Key Challenges

- Limited digital readiness resulted in inefficiencies.
- Over-dependence on manual review increased audit duration and risk of error.
- Lack of secure digital communication channels weakened evidence integrity.

Key Insights

- A modular adoption of the intelligent framework, starting with digital evidence management systems, could drastically improve audit efficiency.
- Training public auditors in AI-supported risk profiling is urgently needed.
- Legal amendments are necessary to formalize digital document acceptance and remote validation.

Case Study Analysis – Case 2: Public Sector – State-Owned Bank Audit

Entity Overview: This case examines an audit engagement at a large state-owned bank in Egypt. The audit was conducted by a governmental audit authority in collaboration with external IT consultants due to the bank's partial transition to core banking digital platforms as shown in table no. (7).

Audit Context: The bank had launched a phased digital transformation strategy that included centralization of records, automated risk scoring, and partial blockchain use in loan documentation. The audit team relied on remote access to core banking systems under strict security protocols.

Table No. 7. Analysis of case (2) Based on Framework Components

Component	Findings
Digital Infrastructure	Strong digital backbone with centralized core banking system and secure VPN access.
Audit Intelligence Tools	Basic use of risk flags and trend analysis, but no integrated AI-based audit tools.
Professional Judgment	Enhanced by digital traceability but limited by resistance to automation from senior auditors.
Regulatory Compliance	Partial adaptation to remote procedures; legal gaps remain regarding blockchain audit trails.
Geographic Dispersion	Remote review enabled real-time access to regional branch data and eliminated travel barriers.

Key Strengths:

- High digital infrastructure maturity made remote audit feasible.
- Improved data availability reduced documentation errors.
- Digital trails allowed more transparent and timely audit decisions.

Key Limitations:

- Lack of integration between the bank's digital tools and audit software.
- Insufficient AI-driven analytics for anomaly detection.
- Legal ambiguity regarding digital signatures and blockchain-based documents.

Recommendations

- Expand collaboration between regulators and IT developers to ensure digital audit trail reliability.
- Incorporate AI modules in future audits for better fraud detection and risk-based sampling.
- Issue regulatory decrees legitimizing blockchain-based financial records.

Case Study Analysis – Case 3: Public Sector – Public Utility Enterprise Audit

Entity Overview: This case involves a government-owned public utility company operating in the water and sanitation sector. The enterprise serves multiple governorates and is subject to centralized audit by a specialized unit within the Accountability state Authority (ASA). As shown in table no. (8).

Audit Context: The audit was launched during a fiscal year-end review, requiring verification of asset management, procurement records, and environmental compliance. Due to geographic dispersion and limited onsite access, remote audit methods were adopted using scanned documents, emails, and basic data extracts.

Table No. (8) Analysis of case (3) Based on Framework Components

Component	Findings
Digital Infrastructure	Outdated internal systems, with low integration between regional branches and HQ systems.
Audit Intelligence Tools	Not utilized. The audit relied on Excel-based summaries and manual cross-checking.
Professional Judgment	Central to decision-making due to incomplete records and unverified on-site data.
Regulatory Compliance	Moderate compliance; auditors followed internal CAO protocols but lacked support for digital traceability.
Geographic Dispersion	A major challenge; some records were delayed or missing due to weak digital connectivity.

Key Challenges Identified:

- Fragmented digital records and manual ledger dependence
- Limited ability to verify fixed assets and inventories remotely
- Absence of structured digital workflows across operational sites

Strategic Lessons:

- Phased adoption of digital audit systems starting with inventory and asset management is critical.
- Requires central policy reform to mandate minimum digital infrastructure standards for public enterprises.
- Training regional audit units on cloud-based evidence collection is essential for uniform quality.

Case Study Analysis – Case 4: Private Sector – Listed Financial Institution Audit

Entity Overview: This case analyzes an external audit engagement of a listed financial institution (banking/insurance) by a top-tier private audit firm in Egypt. The firm is affiliated with a global audit network and applies international auditing standards (ISA) under FRA oversight. As shown in table no (9).

Audit Context: The audit was performed remotely using digital audit platforms, incorporating data analytics, automated confirmations, and partial use of AI-based testing. The client had a high degree of digital integration across operations.

Table 9. Analysis of case (4) Based on Framework Components

Component	Findings
Digital Infrastructure	Advanced platforms used (e.g., cloud-based audit software); secure client portals supported collaboration.
Audit Intelligence Tools	Risk scoring, sampling algorithms, and anomaly detection deployed through AI dashboards.

Professional Judgment	Auditor skepticism was critical in validating AI results; overrides were used when anomalies lacked context.
Regulatory Compliance	Strong alignment with FRA regulations and ISA standards; full audit trail recorded digitally.
Geographic Dispersion	Seamless coordination across HQ and branches; digital workflows minimized audit delays.

Strengths Observed:

- Full implementation of remote auditing infrastructure
- Use of AI allowed predictive risk modeling
- Enhanced auditor–client communication via secure platforms

Key Limitations:

- Some auditors displayed over-reliance on AI tools, risking loss of skepticism
- Cybersecurity concerns emerged regarding cloud data access
- Need for more tailored AI models aligned with local regulatory scenarios

Best Practices Identified:

- Regular auditor training on AI interpretation and override rules
- Integration with client ERP systems improved efficiency
- FRA's updated audit guidance facilitated remote evidence acceptance

Case Study Analysis – Case 5: Private Sector – Global Audit Firm (Blockchain Use Case)

Entity Overview: This case focuses on the Egyptian branch of a Big Four audit firm conducting a remote audit for a multinational client using blockchain-based transaction logs and smart contracts as part of its audit evidence. The engagement involved coordination with both local and international audit teams as shown in table no (10).

Audit Context: The client organization operates in e-commerce and logistics, using blockchain to track transactions and contracts across its global supply chain. The audit team utilized real-time access to smart contracts and ledger entries, verified through a blockchain explorer tool provided by the client.

Table No.10. Analysis of case no (5) Based on Framework Components

Component	Findings
Digital Infrastructure	Highly advanced; blockchain nodes distributed and synchronized globally.
Audit Intelligence Tools	Integrated with blockchain explorer and analytics engine; allowed testing of entire transaction sets.
Professional Judgment	Auditors used critical thinking to assess exceptions flagged by smart contracts.
Regulatory Compliance	Aligned with ISA but lacked clear FRA guidance on smart contract verification as audit evidence.
Geographic Dispersion	Effectively neutralized by decentralized ledger structure.

Strengths Observed

- Full traceability and real-time access to financial transactions
- Enhanced data reliability and immutability
- Lower fraud risk due to distributed ledger transparency

Challenges Identified

- Absence of national regulatory standards for blockchain audit trails
- Auditors required specialized technical training to interpret blockchain data
- Legal status of smart contracts as formal evidence remains unclear in Egypt

Strategic Implications

- Need for FRA and ASA to issue decrees acknowledging blockchain-based audit evidence
- Future Egyptian audit curriculum should include blockchain assurance modules
- Encouraging hybrid audit models that combine traditional and DLT-based evidence

Case Study Analysis – Case 6: Private Sector – Tech Company with Geographically Dispersed Branches
Entity Overview:

This case involves the audit of a mid-sized Egyptian technology company with operations and remote offices in several governorates and Gulf countries. The audit was conducted by a national audit firm using a hybrid approach—combining digital evidence collection with limited field visits. As shown in table no (11).

Audit Context: The client's ERP system was cloud-based, facilitating centralized access to financial records. However, geographic separation between branches and international offices created logistical, legal, and communication barriers to a fully remote audit.

Table No. (11) Analysis of case no (6) Based on Framework Components

Component	Findings
Digital Infrastructure	Adequate for internal use; cloud ERP accessible but lacked third-party audit APIs or secure portals.
Audit Intelligence Tools	Minimal. Simple data extractions were used; no predictive or AI tools integrated into the audit.
Professional Judgment	Auditor relied on judgment to resolve data inconsistencies and conduct remote interviews.
Regulatory Compliance	Complied with local Egyptian audit standards, but remote access to Gulf branches required legal waivers.
Geographic Dispersion	High. Delays in document authentication, timezone misalignments, and cross-border restrictions noted.

Challenges Identified:

- Absence of cross-border audit coordination protocols
- Lack of real-time collaboration tools across dispersed teams
- Dependence on email and manual data transfers limited audit reliability

Strategic Takeaways:

- Introduce Geographic Dispersion Index (GDI) to assess and manage location-based audit risks
- Adopt secure cloud-based audit collaboration platforms to minimize reliance on email
- Need for bilateral audit access protocols between Egypt and Gulf countries

RESULTS AND FINDINGS

Demographic Profile of Respondents: To contextualize the empirical findings, the study first analyzes the demographic characteristics of the participating auditors from both public and private sectors. This data helps evaluate how variables such as experience, education, and sector affiliation influence the perception and implementation of remote digital auditing as shown in table No. (12).

Table No. 12. Demographic Distribution of Respondents (n = 164)

Demographic Variable	Category	Frequency	Percentage (%)
Sector	Public	84	51.2%
	Private	80	48.8%
Gender	Male	112	68.3%
	Female	52	31.7%
Years of Experience	Less than 5 years	22	13.4%
	5–10 years	67	40.9%
	More than 10 years	75	45.7%
Education Level	Bachelor's Degree	88	53.7%
	Postgraduate (MSc/PhD)	76	46.3%
Job Role	External Auditor	124	75.6%
	Internal Auditor	40	24.4%

Key Insights:

- A near-equal split between public and private sectors supports robust comparative analysis.
- Most participants (86.6%) have more than 5 years of experience, ensuring informed responses.
- A significant share (46.3%) hold postgraduate degrees, contributing to technical and ethical insights.
- The dominance of external auditors reflects a direct link to assurance services and audit quality perception.

Reliability and Validity Checks: Before proceeding to hypothesis testing and advanced statistical analysis, the study conducted rigorous checks to ensure the reliability and validity of the measurement instruments used in the survey.

A. Internal Consistency (Reliability) – Cronbach's Alpha To assess internal consistency, Cronbach's alpha was calculated for each construct as shown in table no (13).

Table No. 13. Reliably and validity checks

Variable	No. of Items	Cronbach's Alpha	Interpretation
Audit Quality	6	0.887	Very Good
Professional Judgment	5	0.862	Very Good
Digital Audit Readiness	7	0.911	Excellent
Geographic Dispersion Index (GDI)	4	0.825	Good
Overall Instrument	22	0.902	Excellent

Threshold for acceptance: $\alpha \geq 0.70$ (Nunnally, 1978); B. Construct Validity – Exploratory Factor Analysis (EFA)

Exploratory Factor Analysis using Principal Component Analysis (PCA) with Varimax rotation was performed:

- Kaiser-Meyer-Olkin (KMO) = 0.874 → Indicates sampling adequacy
- Bartlett's Test of Sphericity: $p < 0.001$ → Data is factorable
- 4 factors extracted (Eigenvalue >1) explained 72.3% of total variance

These results confirm that the constructs used in the instrument are valid and statistically sound for further analysis.

Descriptive Analysis of Key Variables: To assess respondents' perceptions and readiness toward remote digital auditing, a descriptive statistical analysis was conducted on the four key constructs: Audit Quality, Professional Judgment, Digital Audit Readiness, and Geographic Dispersion Index (GDI). Responses were recorded on a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree). Table No. (14) presents descriptive statistics of key variable

Table No. 14. Descriptive Statistics of Key Variables (n = 164)

Variable	No. of Items	Mean	Standard Deviation	Interpretation
Audit Quality	6	4.21	0.56	High perception
Professional Judgment	5	4.08	0.62	High application
Digital Audit Readiness	7	3.79	0.68	Moderate to high readiness
Geographic Dispersion Index (GDI)	4	3.54	0.74	Moderate impact perception

Key Insights:

- Audit Quality scored highest, reflecting strong confidence in remote audit outputs.
- Professional Judgment remains robust, especially among experienced auditors.
- Digital Readiness is improving but still varies between sectors.
- Perceived impact of geographic dispersion is moderate, suggesting need for digital standardization.

Correlation Analysis: To examine the initial relationships between key study variables before testing hypotheses, Pearson correlation coefficients were calculated among as shown in table No (15):

- Audit Quality
- Professional Judgment
- Digital Audit Readiness
- Geographic Dispersion Index (GDI)

Table No.15. Pearson Correlation Matrix

Variable	Audit Quality	Prof. Judgment	Digital Readiness	GDI
Audit Quality	1.000			
Professional Judgment	0.681**	1.000		
Digital Audit Readiness	0.593**	0.614**	1.000	
GDI	0.414**	0.429**	0.476**	1.000

Note: n = 164, Significance: $p < 0.01$ (2-tailed), indicated by **

Interpretation:

- Professional Judgment shows a strong positive correlation with Audit Quality ($r = 0.681$)
- Digital Audit Readiness significantly correlates with both Audit Quality ($r = 0.593$) and Professional Judgment ($r = 0.614$)
- Geographic Dispersion shows a moderate but significant correlation with all variables, especially Digital Readiness

These findings support the theoretical framework and justify proceeding with hypothesis testing through regression and ANOVA.

Hypothesis Testing (ANOVA and Regression Analysis): To validate the research hypotheses and explore the predictive power of the independent variables on Audit Quality, both ANOVA and Multiple Linear Regression were conducted using SPSS. The analysis confirms the statistical significance of the proposed intelligent framework components as shown in table No. (16).

Table No. 16. Summary of Hypotheses and Statistical Results

Hypothesis Code	Hypothesis Statement	Test Used	Result	p-value	Conclusion
H1	Professional Judgment significantly influences Audit Quality	Regression	$\beta = 0.455$	0.000	Supported ☑
H2	Digital Audit Readiness positively affects Audit Quality	Regression	$\beta = 0.384$	0.000	Supported ☑
H3	Geographic Dispersion negatively moderates Audit Quality	Regression	$\beta = -0.231$	0.004	Supported ☑
H4	Sector type (Public vs. Private) significantly affects perception of Remote Audit	ANOVA	$F = 6.873$	0.010	Supported ☑
H5	Auditors with higher experience apply better professional judgment in remote audits	ANOVA	$F = 8.211$	0.005	Supported ☑

Interpretation of Findings

- H1 & H2: Professional Judgment and Digital Audit Readiness are strong predictors of audit quality in both sectors.
- H3: Geographic Dispersion has a negative effect, validating the need for digital strategies to overcome location-based barriers.
- H4: Significant differences were found in perception between public and private sector auditors.
- H5: Experience enhances the effective use of judgment in remote environments.

These results confirm the empirical validity of the components in the proposed intelligent remote audit framework:

- Digital Audit Readiness
- Auditor Professional Judgment
- Geographic Dispersion Index

- Sector-specific considerations

Impact of Remote Auditing Tools on Audit Quality and Comparative Analysis Between Public and Private Auditors
This section evaluates the perceived impact of remote digital auditing tools on audit quality and provides a comparative analysis between public and private sector auditors. It builds on the proposed intelligent framework by assessing how audit tools affect practical performance across sectors. Table No (17) presents perceived impact of remote auditing tools on audit quality.

Table No. 17. Perceived Impact of Remote Auditing Tools on Audit Quality by Sector (n = 164)

Tool/Aspect	Public Sector (Mean)	Private Sector (Mean)	Difference	Significance (p-value)
Use of cloud-based platforms	3.42	4.37	0.95	0.000**
Automated confirmations	3.18	4.12	0.94	0.001**
Data analytics for anomaly detection	3.21	4.26	1.05	0.000**
AI-based risk scoring	2.87	3.98	1.11	0.002**
Remote collaboration with clients	3.51	4.33	0.82	0.004**
Impact on Audit Quality (overall)	3.65	4.41	0.76	0.000**

$p < 0.01$ indicates statistically significant difference.

Key Findings:

- Private auditors significantly outperform public sector peers in the adoption and integration of remote tools.
- The largest gaps appear in AI-based risk scoring and data analytics, due to infrastructure and training limitations in public audit bodies.
- Both groups acknowledge a positive impact on audit quality, but with stronger conviction from private auditors.

Implications for the Proposed Framework:

- Framework applicability varies by sector and requires tailored implementation.
- Emphasizes the need for capacity-building and regulatory reform in public audit environments.
- Suggests national decree support to bridge the digital divide between sectors.

DISCUSSION AND INTERPRETATION

Interpretation of Empirical Model Outputs: This section synthesizes the statistical findings in light of the conceptual framework, literature, and professional context of audit transformation. The interpretation connects empirical results from regression, ANOVA, and correlation analysis to theoretical assumptions on digital audit effectiveness, professional judgment, and geographic constraints. as shown in table No. (18).

Table No. 18. Empirical Output Interpretation Against Framework Components

Framework Component	Statistical Result	Interpretation	Supporting Literature
Professional Judgment	$\beta = 0.455$, $p < 0.001$	Strong predictor of audit quality in digital contexts	Hurtt (2010), Nelson (2009), IAASB (2023)
Digital Audit Readiness	$\beta = 0.384$, $p < 0.001$	Readiness significantly improves perceived audit outcomes	Alles & Gray (2020), Ibrahim (2024)
Geographic Dispersion (GDI)	$\beta = -0.231$, $p = 0.004$	Negatively moderates audit quality due to coordination and evidence access issues	Yermack (2017), Appelbaum *et al.* (2017)
Sector Differences (ANOVA)	$F = 6.873$, $p = 0.01$	Private auditors more digitally adaptive than public ones	OECD (2022), COSO (2022)
Auditor Experience (ANOVA)	$F = 8.211$, $p = 0.005$	Experience enhances digital skepticism and decision quality	DeAngelo (1981), Knechel *et al.* (2013)

Integrated Interpretation

- The positive effect of professional judgment confirms that human expertise remains vital even in tech-enabled audits.
- Digital readiness not only reflects infrastructure but also regulatory alignment and training adequacy.
- Geographic dispersion, although technically manageable via remote tools, still introduces friction unless supported by standardized cross-border protocols.
- The sector gap emphasizes the urgent need to reform digital capabilities in public audit institutions in Egypt.
- Empirical alignment with global research supports generalizability of the framework across jurisdictions.

Positioning Findings Within International Literatures

The empirical findings of this study not only align with but also extend existing international audit literature. This section maps how the proposed intelligent remote audit framework reflects or diverges from global trends in digital transformation, audit quality, and regulatory practices. As shown in table no (19).

Integrated Discussion

- Findings mirror international experiences regarding the impact of technological disparities on audit quality (Yermack, 2017).
- The study contributes region-specific insights for developing countries, particularly Egypt, where institutional readiness is uneven across sectors (Ibrahim, 2024).
- The validation of the Geographic Dispersion Index (GDI) as a determinant of audit efficiency is a novel addition to international models (Appelbaum *et al.*, 2017).

- Compared with frameworks in the U.S. (PCAOB), U.K. (FRC), and Germany (IDW), the proposed framework fills contextual gaps for low-to-middle-income economies.

Table No. 19. Comparison of Study Findings with International Literature

Study Finding	Aligned Literature	Positioning
Professional judgment remains critical in digital audit	Nelson (2009), Hurtt (2010), IAASB (2023)	Confirms global emphasis on auditor skepticism
Digital audit readiness predicts quality	Alles & Gray (2020), ISA 315 (Revised), Ibrahim (2024)	Supports readiness-focus frameworks
Geographic dispersion weakens coordination	Appelbaum *et al*. (2017), Yermack (2017), OECD (2022)	Extends findings to cross-border regulatory gaps
Private sector shows higher tech adoption	COSO (2022), ISACA (2021)	Confirms innovation gap between sectors
Need for AI and data analytics tools	Appelbaum *et al*. (2018), IAASB (2023), KPMG (2022)	Reinforces global urgency for automation

Discussion of Testing Validity of Research Hypotheses and Alignment with Global Practices

This section interprets the validity of the tested hypotheses and connects the results to global auditing practices and standards, including those from the UK's FRC, the AICPA, and IFAC, as well as theoretical foundations such as DeAngelo's and Francis' models as shown in table No. (20).

Table No. 20. Research Hypotheses Validity vs Global Auditing Practices

Hypothesis	Empirical Status	Aligned Frameworks / Institutions	Discussion / Alignment
H1: Professional Judgment → Audit Quality	Supported (β=0.455, $p<0.001$)	IAASB, IFAC Code of Ethics, AICPA Audit Quality Center	Aligns with global emphasis on auditor skepticism and ethical reasoning
H2: Digital Readiness → Audit Quality	Supported (β=0.384, $p<0.001$)	AICPA (2023), IFAC Tech Framework, UK FRC Digital Guidance	Matches international push for digitization in audit procedures
H3: Geographic Dispersion → Audit Quality	Supported (β=–0.231, p=0.004)	IFAC (2022), ISA 600 (group audits), OECD guidelines	Supports need for standardizing digital collaboration and evidence exchange
H4: Sector Differences (Public vs Private)	Supported (F=6.873, p=0.01)	OECD Digital Economy Report, UK Audit Reform	Highlights innovation gaps; resonates with UK's call for public audit modernization
H5: Experience → Professional Judgment	Supported (F=8.211, p=0.005)	DeAngelo (1981), Francis (2004), AICPA competencies model	Confirms auditor tenure enhances judgment reliability, as echoed in audit quality theory

Theoretical and Practical Insights:

- The findings validate DeAngelo's audit quality model, which links auditor competence and independence to quality.
- They are also in harmony with Francis' frameworks, stressing input-based quality drivers.
- From a practice perspective, the hypotheses reflect international consensus on the importance of digital readiness and ethical judgment in a remote auditing era.
- Global bodies like IFAC and AICPA emphasize digital transformation not just as a technical shift but as a cultural and ethical evolution in auditing.

Reflection on Theoretical Contributions and Consideration of Challenges and Risks

This section highlights how the study contributes to audit theory development, especially in digital contexts, and addresses the practical risks and challenges that may hinder implementation of remote auditing frameworks in emerging economies like Egypt. As shown in table No. (21).

Table 21. Theoretical Contributions vs. Emerging Risks in Remote Auditing

Theoretical Contribution	Supporting Literature	Associated Risks / Challenges	Relevant Sources
Integrating digital readiness with audit quality theory	Alles & Gray (2020), Francis (2004)	Infrastructure limitations and digital divide	OECD (2022), Ibrahim (2024)
Introduction of GDI as contextual audit factor	Appelbaum *et al*. (2017), Yermack (2017)	Lack of standardized coordination across regions	IFAC (2023), ISA 600
Extension of professional judgment relevance in tech audits	Hurtt (2010), IAASB (2023), Nelson (2009)	Overreliance on AI, reduced skepticism	AICPA (2023), COSO (2022)
Public vs. private sector comparative audit adaptation	FRC (2022), OECD (2022)	Policy fragmentation and inconsistent training	Ibrahim (2024), ISACA (2021)
Alignment of ethical models with intelligent audit systems	IFAC Code of Ethics, DeAngelo (1981)	Cybersecurity, data integrity, and AI bias risks	KPMG (2023), PwC (2023)

Reflections and Considerations

- The study contributes a hybrid model blending theoretical dimensions (judgment, quality, ethics) with digital auditing environments, which are still under-theorized in emerging markets.
- The development and validation of a Geographic Dispersion Index (GDI) offers new metrics for international comparative research.
- Risks include technological dependence, skill gaps, and ethical gray zones when AI tools replace human assessment in part.
- These insights support future academic models focusing on remote assurance, audit resilience, and digital governance.

Policy and Practical Implications and Recommendations

Implications for the Egyptian Regulatory Context: This section outlines how the findings of the study can inform audit regulatory reform in Egypt, particularly for the Financial Regulatory Authority (FRA), the Accountability State Authority (ASA), and related legislative bodies. The implications consider gaps in current frameworks, digital adoption lags, and the duality between public and private sector readiness. As shown in table No. (22).

Table No. 22. Regulatory Implications Based on Empirical Results

Finding	Regulatory Gap	Policy Recommendation
Limited digital audit readiness in public sector	No mandatory digital audit standards for public	FRA and ASA should issue binding standards for remote audit procedures
Inconsistent professional judgment across sectors	No unified audit judgment training	National audit curricula should embed digital ethics and professional skepticism modules
Negative impact of geographic dispersion	Lack of remote coordination protocols	Introduce unified remote audit engagement protocols under FRA legislation
Disparity in tech use between public and private	Absence of incentive mechanisms	Introduce tax and financial incentives for digital audit tech adoption in both sectors
Need for AI and analytics governance	No guidance on AI-driven audit systems	FRA and ICAEW should co-develop AI audit assurance guidance tailored to Egyptian context

Strategic Policy Priorities:

- Amending Audit Laws: Include legal recognition for remote and intelligent audits under Law No. 159/1981 and public audit codes.
- Unified Framework: Establish a national audit digitization council comprising FRA, ASA, academic, and professional bodies.
- Capacity Building: Mandatory training for public sector auditors via FRA-certified modules.
- Cybersecurity and Data Governance: Integrate FRA digital audit policies with NTRA cybersecurity frameworks.
- International Harmonization: Align Egypt's audit reform with IFAC and IAASB guidelines.

Proposed Legislative and Regulatory Measures: To institutionalize remote and intelligent auditing in Egypt, the study recommends concrete legislative reforms and regulatory frameworks aligned with international best practices (e.g., IFAC, AICPA, UK FRC). These measures are designed to bridge digital, ethical, and operational gaps in both the public and private audit sectors. As shown in table No. (23).

Table No 23. Proposed Legal and Regulatory Measures for Egypt's Digital Audit Transformation

Legislative/Regulatory Area	Proposed Measure	Relevant Institution	Reference Support
Legal recognition of remote auditing	Amend Company Law 159/1981 to define digital and remote audit scopes	Parliament, FRA	Ibrahim (2024), OECD (2022)
Public sector audit modernization	Modify ASA Law 144/1988 to mandate digital readiness and periodic audit digitization	ASA, Central Auditing Directorate	IFAC (2022), COSO (2022)
AI and data analytics governance	Introduce AI-specific audit clauses in FRA's executive regulations	FRA, National AI Council	KPMG (2023), IAASB (2023)
Cross-border digital evidence standards	Adopt ISA 600+ frameworks into Egyptian auditing standards	FRA, Egyptian Society of Accountants	ISA 600, Appelbaum *et al.* (2018)
Auditor training and licensing reform	Revise licensing to require certified training in remote audit tools	FRA, MoHE, EAAA	AICPA (2023), ISACA (2021), Hurtt (2010)
Cybersecurity and privacy protections	Integrate NTRA cybersecurity law into audit regulatory rules	FRA, NTRA	NTRA (2023), COSO (2022)
Audit tech adoption incentives	Establish tax credits and grants for digital transformation in audit firms	Ministry of Finance, FRA	OECD (2022), World Bank (2021)

Strategic Objectives of the Reform

- Legal harmonization with global standards (ISA, IFAC Code).
- Public-private equality in technology use and audit quality mandates.
- Reinforcement of data integrity, AI ethics, and remote coordination protocols.
- Facilitate national decree submission to streamline policy implementation via the Cabinet.

Role of the FRA, ASA, and Central Auditing Organization in Digital Audit Reform

As Egypt transitions toward digital audit ecosystems, the Financial Regulatory Authority (FRA), the Accountability State Authority (ASA), and the Central Auditing Organization (CAO) are critical to implementation success. Their distinct mandates must be updated and aligned with international expectations to enhance audit governance, promote digital transformation, and ensure audit quality in both public and private sectors. As shown in table No. (24).

Table No 24. Institutional Roles and Reform Responsibilities

Institution	Current Role	Observed Gaps	Proposed Reform Responsibilities
FRA – Financial Regulatory Authority	Regulates non-banking financial sector, including auditors	No mandate for digital audit standards or AI-based audits	- Develop and enforce digital audit and AI regulations - Align with ISA & IFAC
ASA – Accountability State Authority	Supervises public sector financial operations and reporting	Lacks digitized audit procedures and remote inspection capacity	- Mandate e-auditing - Train public auditors - Create audit data platforms
CAO – Central Auditing Organization	Monitors public funds, reviews public accounts, and issues audit reports	Paper-based processes dominate; lacks interoperability with FRA	- Transition to digital workflows - Coordinate oversight with FRA & ASA

Strategic Integration Points:

- A national Audit Digitalization Steering Committee is needed to coordinate efforts between FRA, ASA, and CAO.
- Shared data infrastructure, compatible audit software, and joint policy enforcement will be crucial.
- Capacity-building must be conducted under FRA's guidance, with tailored ASA and CAO training streams.

Capacity Building and Digital Investment Priorities for Government and Private Audit Firms

Effective implementation of remote and intelligent audit frameworks requires substantial capacity building and targeted digital investments across both public and private sectors. This section outlines strategic priorities to close capability gaps, enhance audit quality, and align with international audit standards (e.g., IFAC, IAASB, AICPA). Table No. (25) presents Comparative Priorities

Table No. 25. Comparative Priorities – Government vs Private Sector Audit Development

Development Pillar	Public Sector (ASA, CAO)	Private Audit Firms
Digital Infrastructure	Centralized platforms, secure cloud for audit data (ASA portals)	Firm-specific tech stacks, multi-client encrypted cloud storage
Human Capital Development	FRA-licensed national training programs on digital and AI tools	Vendor-certified training (SAP, ACL, IDEA, Alteryx) with CPD integration
Software & Analytics Tools	Public procurement for intelligent audit software (national license agreements)	Investment in customizable and scalable audit suites (e.g., Thomson Reuters, CaseWare)
AI Integration	Integration of AI/ML for red-flag risk detection and pattern analysis	Client-specific AI modules embedded in audit planning and testing tools
Cybersecurity & Governance	National alignment with NTRA cybersecurity standards; interagency compliance	Firm-led data privacy protocols; certification under ISO 27001
Monitoring & Evaluation	Performance dashboards with real-time alerts for compliance and auditor activities	Internal audit quality KPIs linked to CRM and document management systems

Strategic Recommendations

- Government Priorities: Build a central digital audit training academy under FRA, equip public bodies with AI-powered tools, and enforce compliance with ISO and national digital audit standards.
- Private Sector Priorities: Incentivize digital investment via tax credits and mandatory digital audit competence for licensing renewal.
- Encourage public–private partnerships to share digital resources, host cross-sector training, and develop audit technology solutions tailored for Egypt.

Theoretical, Practical, and Social Implications and Recommendations: This study introduces a remote digital audit framework that integrates artificial intelligence, geographic dispersion, and professional judgment into audit quality models — with implications extending across theory development, professional practice, and societal accountability. Table No. (26) presents multidimensional implications and recommendations.

Table No. 26. Multidimensional Implications and Recommendations

Dimension	Implications	Recommendations	Supporting References
Theoretical	Enriches audit quality literature by integrating digital readiness and AI into professional models	Expand DeAngelo and Francis models to include digital tools, AI bias, and distributed audit structures	DeAngelo (1981), Francis (2004), Alles & Gray (2020)
Practical	Improves field-level audit planning, engagement, and evidence gathering in remote settings	Adopt digital audit platforms, GDI indicators, and AI-assisted decision-making	Appelbaum *et al.* (2017), AICPA (2023), PwC (2023)
Social	Increases transparency, reduces audit fraud, and promotes public trust	Mandate digital audits in government entities and require annual public audit quality disclosures	IFAC (2022), COSO (2022), Ibrahim (2024)

Key Highlights:

- Theoretically, the study introduces new metrics (e.g., Geographic Dispersion Index) that can reshape how audit risk is modeled.
- Practically, it provides tools and guidelines to optimize digital evidence collection and collaborative auditing.
- Socially, it addresses audit fraud, strengthens public financial oversight, and supports sustainable governance.

Conclusion and Assessment of Framework Viability and Future Directions

This study proposed and empirically validated an intelligent digital auditing framework designed to enhance audit quality, particularly under conditions of geographic dispersion and digital transformation in Egypt's public and private audit sectors.

The findings from comparative empirical testing, case studies, and stakeholder insights support the viability of the proposed framework, especially in its ability to:

- Integrate AI and digital tools with professional judgment,
- Overcome challenges of remote environments and dispersed audit clients,
- Standardize audit quality across sectors,
- Inform policy development for national audit modernization.

Assessment of Framework Viability

- Functionality: The framework demonstrated robust alignment with audit quality indicators in both sectors.
- Scalability: It is adaptable to firm size, digital maturity, and audit complexity.
- Compliance: It aligns with global auditing standards (e.g., ISA 600, IFAC Code of Ethics, AICPA guidelines).
- Practicality: Tested components (GDI, AI modules, training modules) are implementable within current legal and technological settings in Egypt.

Future Directions

Policy Decree Submission: Present this framework to national regulatory authorities (FRA, ASA, Cabinet) for integration into national audit legislation.

Pilot Projects: Implement pilot programs in both government entities and mid-sized private firms to test real-time application and feedback.

Academic Extension: Develop comparative regional studies to test this framework in other MENA countries with similar governance and digital infrastructure challenges.

Technological Enhancement: Integrate blockchain modules and advanced machine learning to increase fraud detection and real-time assurance capabilities.

Social Outreach: Enhance audit transparency by creating public audit quality dashboards as part of national open-government initiatives.

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