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PART 1:

Journal Name:	**British Journal of Economics, Management & Trade**
Manuscript Number:	**2013_BJEMT_4758**
Title of the Manuscript:	**The agency theory: the main foundational base to explain the auditing**
Type of the Article	**Research paper**

General guideline for Peer Review process is available in this link:
(http://www.sciencedomain.org/page.php?id=sdi-general-editorial-policy#Peer-Review-Guideline)

- This form has total 7 parts. Kindly note that you should use all the parts of this review form.

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PART 2: Review Comments

	Reviewer's comment	**Author's comment** *(if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)*
Compulsory REVISION comments	The study undertaken by the author aims at a framework of agency theory for justifying the theory of audit. To achieve this objective the author has relied on the common belief that in today's world, the audit is an important control mechanism of any economic system. Therefore, it becomes imperative to find a suitable theory to explain its existence, in a context of constant change and within a contradictory debate underlying at various approaches. The author carried out an empirical study with Portuguese audit professionals in order to investigate how they interpret and explain the existence of the audit in society. While doing this study, author has reviewed the literature relevant to explain the conceptual framework of different theories like information theory, agency theory, insurance hypothesis, corporate governance theory and motivational theory as propounded by their respective authors. He, while attempting to differentiate between information theory and agency theory, has also explained the integrated dimension of agency	Nothing to state.

	theory according to which information theory, corporate governance theory and insurance hypothesis are shown as the integral components of agency theory. Methodology adopted by the author is interpretative and a field survey conducted to collect response to questionnaire from professionals and higher education auditing teachers in Portugal. It was proposed that these professionals may rate the most suitable theory to explain the existence of the audit in society between Information theory of financial information and Agency theory. Data of responses collected were objectively analyzed and three hypotheses were tested using X^2 at o.95 level of confidence and 0.05 level of significance. X^2 indicates that the factors indicated do not influence the answers given. All areas of professional have values $p<0.05$, indicating that these professionals demonstrate a preference for information theory with the exception of auditor's with connections to international network who indicate a greater extent agency theory. Materials and methods used are suitable for the study and are technically sound. Thus it shows that sufficient and appropriate statistical analysis has been carried out in the study. Conclusion arrived at the end of the study points	

	that though the respondent professionals in Portugal have given preference to information theory but the author, based on the analysis of opinions of international network of scholars in their literatures, suggests that agency theory is a deeper, more concrete, rational and suitable explanation in relation to the present economic environment, characterized by a permanent conflict of interest. Analysis and discussions are based on actual facts and figures and the conclusion drawn at the end of the study conforms to the data presented inside the manuscript. References given in the manuscript are relevant and adequate to the study. In the absence of any visible plagiarism, this manuscript testifies its originality. Finally, it is observed that structurally and technically this manuscript is found to be sound and will provide insight into understanding the theory of audit to the readers, students, auditors, professors, academicians etc.	

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Minor REVISION comments	The following minor corrections are required: Line 258: The word "**abroad** "may be corrected as "**a broad ".** Line 394: The word "**is based** "is repeated twice hence one may be deleted.	 Corrected Corrected
Optional/General comments	Nil	